

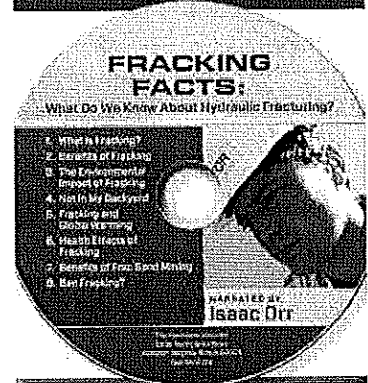
### From Our Free-Market Friends

#### The Buckeye Institute's Recently Updated Government Salary Search Engine

The Buckeye Institute recently updated its popular government salary search engine using 2015 data, the most recent information available. The Buckeye Institute's search engine allows users to see how the salaries of Ohio's public sector employees compare with those in the private sector. Such tools give citizens, policymakers, and the media the ability to hold government accountable for its spending practices. The search engine can also help the public and researchers answer the perennial question, "Do our public institutions reflect the communities they're funded to represent?" [View the search engine here](#)

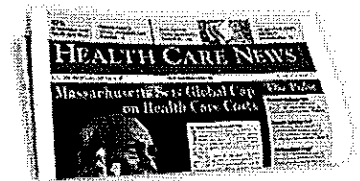
## FRACKING FACTS:

Heartland Research Fellow Isaac Orr reports on the pros and cons of fracking in a series of short videos.



**GET THE DVD NOW!**

### POLICY NEWSPAPER




The September issue of *Health Care News* reports on a Kansas City, Missouri summit promoting direct primary care as a medical practice and payment model superior to the prevailing fee-for-service system. The summit was hosted by the American Academy of Family Physicians, Family Medicine Education Consortium, and American College of Osteopathic Family Physicians. The event drew

254 attendees, 17 exhibitors,  
and 17 speakers.

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**Heartland Institute**

The Heartland Institute is a 32-year-old national non-profit organization dedicated to discovering, developing, and promoting free-market solutions to economic and social problems.

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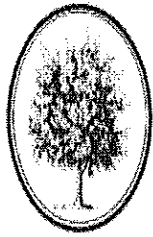
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**From:** The Buckeye Institute  
**Sent:** Wednesday, October 19, 2016 3:25 PM  
**To:** Rep48  
**Subject:** Life lessons, no free lunches, and trying new things



# THE BUCKEYE INSTITUTE

Friends,

The Buckeye Institute provides our staff and interns with the opportunity to attend lunchtime seminars led by our own experts and executive leadership team in our conference room.

Over the past four years, Buckeye has experienced explosive growth in our organization's size, budget, reputation, and effectiveness.

It isn't magic. It's mostly long hours, vision, coffee, and a few shots of whisky every once in a while to offset the coffee.

In an attempt at trying something avant-garde and experimental, we decided to open these formerly internal-only seminars to share our office culture with you--our friends and partners (some of whom have repeatedly expressed interest in finding out our secrets to success).

This invitation is our way of responding positively to those requests. You are hereby cordially invited to join us! We believe you will find them to be worthwhile.

A few ground rules:

-

- While we won't charge admission (that's just the kind of folks we are!), there ain't such a thing as a free lunch. Bring your own. Buy it on your way over. Make it at home. Provide for yourself. We believe in capitalism around here because it facilitates personal responsibility, dignity, independence, and ultimately happiness. We also do not expect you to share your own hard-earned lunch with anyone else. We aren't the government.



Parks and Recreation's very own Ron Swanson teaches young girl about government and taxes

- Please have the courtesy to be on time so as not to disrupt what has until now been an internal staff meeting. Also, let us know you are coming (RSVP to [Patrick@BuckeyeInstitute.org](mailto:Patrick@BuckeyeInstitute.org)) so that we can put out the correct number of chairs in the conference room that day. However, if one day your lunch hour frees up at the last minute, don't hesitate to join us without advanced notice. We would love to have you and will have a few extra chairs available every time.
- Life lessons, best practices, professional skills, and personal development are what we are giving to our staff and interns at these seminars. Your contribution to the arrangement is to show up on time, bring your own lunch, and clean up your spot at the table afterward. Deal?

They will be informative and fun, and if you do for some reason regret attending, you can get your admission money back by sending a complaint to [www.TakeItOrLeaveIt--It'sFree--Let'sWorkOnOurGratitude.com](http://www.TakeItOrLeaveIt--It'sFree--Let'sWorkOnOurGratitude.com).

Specific invitations will be sent your way via email tomorrow with the next two dates/times, topics, and presenters.

Feel free to bring your significant other, well-behaved neighbors, thoughtful colleagues, or come by yourself and meet new friends who are likewise passionate about promoting freedom and human flourishing through sound public policy.

We hope to see you soon!

###

Founded in 1989, The Buckeye Institute is an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

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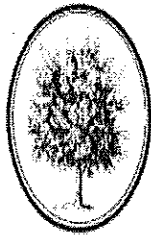
Sent by [info@buckeyeinstitute.org](mailto:info@buckeyeinstitute.org)

**From:** The Buckeye Institute

**Sent:** Friday, October 21, 2016 3:03 PM

**To:** Rep48

**Subject:** Ohio's September Jobs Report: Another Tough Month for Workers



## THE BUCKEYE INSTITUTE

### **Ohio's September Jobs Report: Another Tough Month for Workers**

**MEDIA CONTACT:** Joe Nichols, (614) 224-4422

The September jobs report--much like the last three months--doesn't look pretty, although there was a positive unexpected twist.

In June, July, and August, the number of working Ohioans *and* the number of Ohioans looking for work both decreased. During these three months, the unemployment rate fell, which seems like good news for many people. But as The Buckeye Institute previously pointed out, the unemployment rate was decreasing only because fewer Ohioans were looking for work.

In September, however, the number of working Ohioans fell again, but the number of Ohioans looking for work increased slightly. Although the uptick in the number of Ohioans hunting for a job caused the unemployment rate to rise--from 4.7% in August to 4.8% in September--it's still a positive change overall.

Other than that, the September report was more of the same. The number of Ohioans in the job market fell by another 14,000 and the number of jobs decreased by 3,100. Private employment dropped by only 300, and governments cut 7,800 positions.

The biggest jobs loser was state government which shrank by 2.2%, or 4,200, jobs. The largest gains came in finance and insurance, which grew by 1.2% or 2,700 jobs.

"Although September's jobs report looks mostly grim, there is a bright spot--an uptick in the number of Ohioans searching for work," Buckeye policy analyst Joe Nichols said. "Hopefully these Ohioans find jobs and then more people follow their lead. The state can help by continuing to roll back unnecessary job regulations and pursuing local tax reform."

The Buckeye Institute analyzes Ohio's unemployment rate to identify policy solutions for increasing job opportunities and strengthening the state economy.

# # #

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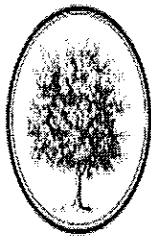
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Sent by [info@buckeyeinstitute.org](mailto:info@buckeyeinstitute.org)

**From:** The Buckeye Institute  
**Sent:** Wednesday, October 26, 2016 11:31 AM  
**To:** Rep48  
**Subject:** Previously internal Buckeye staff/intern seminars open to our supporters



## THE BUCKEYE INSTITUTE

Friends,

As we previewed the other day via email, The Buckeye Institute is pleased to announce that you are most cordially invited to join us for some\* of our upcoming internal staff and intern seminars.

As we mentioned, there is no cost to attend. It's free of charge, y'all! We just ask that you let us know you're coming (RSVP to [Patrick@BuckeyeInstitute.org](mailto:Patrick@BuckeyeInstitute.org)), arrive on time so as not to disrupt what has until now been only our internal staff and intern meeting, bring your own lunch, and clean up your spot at the table before you leave.

We would like to continue this hospitality and willingness to share our office culture as long as the arrangement is mutually beneficial. These seminars should be educational and enjoyable whether you have never understood public policy and would like to start with a 101 class or whether you have a Ph.D. in one of these subjects. Just be sure to see our previous email for the money back guarantee.

Feel free to come on your own and meet new friends, or to bring your better half, neighbor, or colleague to whom you owe a favor and see if they'll call it even.

**When:** Buckeye's lunchtime seminars begin promptly at noon and end by 1:30 at the latest (and often earlier)



**Where:** The Buckeye Institute's conference room on the 11<sup>th</sup> floor of the Key Bank building located on the corner of East Broad Street and 3<sup>rd</sup> at 88 East Broad Street, directly across from Statehouse

**Upcoming topics, speakers, and dates:**

**Monday, October 31:**

Buckeye's President and CEO, Robert Alt will give a scary Halloween seminar entitled: "Trick or Treat: What Will the Election Mean for the Federal Judiciary?"

Alt is a nationally recognized scholar with expertise in legal policy including criminal justice, national security, and constitutional law, and a frequent speaker at dozens of universities and law schools across the country. His writings have appeared in *The Wall Street Journal*, *The Washington Times*, *New York Post*, *U.S. News & World Report*, *The San Diego Union-Tribune*, and *SCOTUSblog*.

**Monday, December 12:**

Buckeye's Criminal Justice Fellow Daniel Dew will present on: "Monopoly on Violence: Reining in Excessive Government through Criminal Justice Reform."

Dew focuses on criminal justice policies that increase Ohioans' safety, make the criminal justice system fairer, and save taxpayer dollars. He also works closely on civil asset forfeiture reform and provided expertise and policy guidance to Ohio's Criminal Justice Recodification Committee.

**Tuesday, January 31:**

Buckeye's Economist Dr. Orphe Divounguy will give a talk called: "Incentives Matter: An Examination of Tax Policy and the Importance of Incentives"

Divounguy analyzes the impact of federal and state government policy on economic outcomes in the states. He earned his Ph.D. from England's University of Southampton, and served as a teaching and research fellow and international economic consultant before joining the Buckeye team earlier this year.

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Again, we are excited to share this opportunity with you, and are pleased with the positive responses we have already received for this zany experiment. We really hope to see you at one or all of these seminars!

\*Hey, we're still keeping some stuff to ourselves. We can't give away absolutely everything we do! November's topic, for instance, is just for our team-for those of you who are perceptive enough to have noticed the month without a seminar listed here.

# # #

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**From:** Burris, Vanessa  
**Sent:** Tuesday, November 1, 2016 9:03 AM  
**To:** McCready, Graham  
**Subject:** FW: UC Interested Party Testimony  
**Attachments:** 161102\_Testimony\_UnemploymentCompensationReform(Final).pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

For Thursday!

**Vanessa**

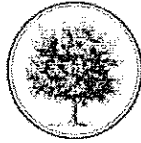
**From:** Greg Lawson [mailto:[greg@buckeyeinstitute.org](mailto:greg@buckeyeinstitute.org)]  
**Sent:** Monday, October 31, 2016 4:28 PM  
**To:** Burris, Vanessa  
**Subject:** Re: UC Interested Party Testimony

Vanessa:

Here is my IP testimony before the joint UC Study committee this Thursday. Also, would it be possible to get PDF copies of the testimony from today's Tax 2020 Commission?

Greg R. Lawson  
*Senior Policy Analyst*

**The Buckeye Institute**  
88 East Broad Street, Suite 1120 | Columbus, Ohio 43215  
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**THE BUCKEYE INSTITUTE**

**Interested Party Testimony Submitted to the  
Unemployment Compensation Reform Joint Committee**

**November 3, 2016**

**Greg R. Lawson, Senior Policy Analyst  
The Buckeye Institute for Public Policy Solutions**

Thank you Chairmen Peterson and Schuring and members of the Committee for the opportunity to testify today regarding reforms to Ohio's unemployment compensation system. My name is Greg R. Lawson. I am the Senior Policy Analyst at The Buckeye Institute for Public Policy Solutions, a free market think tank that believes low taxes and limited government regulations will lead to a more prosperous Ohio.

This committee has heard a great deal of testimony on the intricacies of unemployment compensation (UC) and the legislative reforms intended to address it. It is important, however, to consider this UC reform effort in the broader context of Ohio's economy.

For over half a century, Ohio has lagged behind the national average in job creation. More recently, the decade that opened the 21<sup>st</sup> century was economically disastrous for the Buckeye State. Ohio has not yet rebounded fully from the tech bubble burst in the early 2000s and is still down over 100,000 private sector jobs from March 2000.<sup>1</sup> Between 2000 and 2010, Ohio lost nearly 620,000 private sector jobs, more than any state in the country—except Michigan.<sup>2</sup> And with the exception of Central Ohio, the state remains mired in a lackluster economy unable to create new jobs anywhere near the national average. As a result, the state's labor force participation rate remains relatively low—just 62.6 percent in September.<sup>3</sup> This is three-tenths of a percent lower than the national participation rate and signals that although Ohio's job market is no longer in triage, it still has a long road to a healthy recovery.<sup>4</sup>

---

<sup>1</sup> The Buckeye Institute, "Ohio by the Numbers – November, 2015," The Buckeye Institute, accessed January 27, 2016, <http://buckeyeinstitute.org/uploads/files/ObN-2015-11.pdf>

<sup>2</sup> *Ibid.*

<sup>3</sup> Ohio Department of Job and Family Services, "Employment Situation Indicators for Ohio, September, 2016," Ohio Department of Job and Family Services, accessed October 24, 2016, [http://jfs.ohio.gov/RELEASES/unemp/201610/Ohio-US\\_EmploymentSituation.stm](http://jfs.ohio.gov/RELEASES/unemp/201610/Ohio-US_EmploymentSituation.stm)

<sup>4</sup> Ohio Department of Job and Family Services, "Ohio and U.S. Employment Situation- Seasonally Adjusted," Ohio Department of Job and Family Services, accessed October 24, 2016, <http://jfs.ohio.gov/RELEASES/unemp/201610/index.stm>.

To build and maintain a strong economy, Ohio needs as its cornerstone a strong private sector that creates jobs—jobs that reward people for their hard work and offer them viable paths to financial security and prosperity. A responsive and responsible UC system can and should be part of rebuilding Ohio’s economic structure by offering a “safety springboard” for Ohioans who can work, but need time to transition from job-loss back to the workforce. In this way, unemployment compensation should act as an insurance policy designed to mitigate the risk of temporary unemployment, but also gives individuals the appropriate incentives to seek and quickly find reemployment.

Unfortunately, most UC systems—including Ohio’s—rely on funding mechanisms and taxes that have the perverse effect of making it harder for employers to expand their workforce and raise employee wages. As President Reagan once said, “If you want less of something, tax it.” By confronting employers with higher tax rates on larger taxable wage bases—as some opponents of reform have recommended—Ohio risks stagnating and diminishing wage growth<sup>5</sup> and fewer new jobs. Money that employers otherwise could use to enhance their workforces is siphoned off to pay the tax bill,<sup>6</sup> so although it may look like employers fund Ohio’s UC benefits, the employees ultimately bear the burden of the program.<sup>7</sup> Thus, when reform opponents call for higher taxes on employers and taxable wage-base expansions,<sup>8</sup> they unwittingly ask the General Assembly to sacrifice job- and wage-growth in exchange for what

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<sup>5</sup> John M. Barron, R. Preston McAfee, Paul J. Speaker, “Unemployment Insurance and the Entitlement Effect: A Tax Incidence Approach,” *International Economic Review*, Volume 27, Issue 1 (Feb., 1986), 175-185, accessed January 27, 2016, [https://www.researchgate.net/publication/5109550\\_Unemployment\\_Insurance\\_and\\_the\\_Entitlement\\_Effect\\_A\\_Tax\\_Incidence\\_Approach](https://www.researchgate.net/publication/5109550_Unemployment_Insurance_and_the_Entitlement_Effect_A_Tax_Incidence_Approach).

<sup>6</sup> Deerga Raj Adhikari, Lynn Gray, Jackie Burns, “Effect of Unemployment Insurance Tax on Wages and Employment: A Partial Equilibrium Analysis,” *Applied Economics Letters*, Volume 16, Issue 3 (2009), [https://www.ok.gov/ocsc\\_web/documents/ImiEfcOfUnemplns.pdf](https://www.ok.gov/ocsc_web/documents/ImiEfcOfUnemplns.pdf).

<sup>7</sup> Stephen J. Entin, “Tax Incidence, Tax Burden and Tax Shifting: Who Really pays the Tax?” The Heritage Foundation, November 5, 2004, <http://www.heritage.org/research/reports/2004/11/tax-incidence-tax-burden-and-tax-shifting-who-really-pays-the-tax>.

<sup>8</sup> Zach Schiller, “How Ohio Has Underfunded Unemployment Compensation,” *Policy Matters Ohio*, November 24, 2014, <http://www.policymattersohio.org/2014uc>.

should be a temporary unemployment insurance policy. That is not a trade-off that builds a sound economy.

Instead of simply raising taxes on employers that will inevitably punish employees, UC reforms should focus on accomplishing three essential tasks.

- 1) **Keep Control in Ohio, Not Washington.** Ohio has wisely retired its debt to the Federal government in order to reduce the Federal unemployment tax (FUTA). Regaining full state control over Ohio's UC system will help ensure that all Ohio employers are treated fairly and according to their actual experience rating.
- 2) **Help Workers Get to Work.** Unemployment compensation reforms should be designed to help prospective workers return to gainful employment as quickly as possible. Research shows that the longer unemployment compensation is offered, the longer workers tend to remain unemployed.<sup>9</sup> Even President Obama's former Chairman of the Council of Economic Advisors, Alan Krueger, has acknowledged this tendency: "*The empirical work on unemployment insurance (UI) and workers' compensation (WC) insurance finds that the programs tend to increase the length of time employees spend out of work.*"<sup>10</sup> In some cases, out-of-work individuals will go right up to the designated benefit week limit while seeking jobs they would prefer over

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<sup>9</sup> George C. Leef, "Unemployment Compensation: The Case for a Free Market Solution," *Regulation*, Winter 1998, accessed January 28, 2016, <http://object.cato.org/sites/cato.org/files/serials/files/regulation/1998/1/21-1f1.pdf>; Chris Edwards, "Emergency UI Benefits: Reasons Against," The Cato Institute, January 3, 2014, <http://www.cato.org/blog/emergency-ui-benefits-reasons-against>; Manuel Arellano, Samuel Bentolila, Olympia Bover, "Unemployment Duration, Benefit Duration, and the Business Cycle," *The Economic Journal*, Volume 112 (April 2002), 223-265, accessed October 27, 2016, [https://www.researchgate.net/publication/4750977\\_Unemployment\\_Duration\\_Benefit\\_Duration\\_and\\_the\\_Business\\_Cycle](https://www.researchgate.net/publication/4750977_Unemployment_Duration_Benefit_Duration_and_the_Business_Cycle); Lawrence F. Katz and Bruce D. Meyer, "The Impact of the Potential Duration of Unemployment Benefits on the Duration of Unemployment," National Bureau of Economic Research, October 1988, <http://www.nber.org/papers/w2741>.

<sup>10</sup> Alan B. Krueger and Bruce D. Meyer, "Labor Supply Effects of Social Insurance," National Bureau of Economic Research, June 2002, <http://www.nber.org/papers/w9014.pdf>; Alan B. Krueger and Andreas Mueller, "Job Search and Unemployment Insurance: New Evidence from Time Use Data," Institute for the Study of Labor, August 2008, <ftp://ftp.iza.org/SSRN/pdf/dp3667.pdf>.

jobs that are available.<sup>11</sup> This is understandable, of course, but it costs the system and corporate taxpayers money, and negatively affects wages and job creation. To help counter the natural tendency to milk the system, policy-makers should consider implementing a sliding scale of benefit weeks in order to help move the unemployed back into the labor force.

- 3) **Limit Cross-subsidization.** Ohio's UC system should adopt reforms that will better calibrate the experience rating under state unemployment tax (SUTA) in order to reduce the current cross-subsidization of high-turnover employers. In its current configuration, some level of cross-subsidization is unavoidable, but a better calibration of the experience rating along with fewer caps for employers with high turnover will help minimize costs for most employers.<sup>12</sup> It may be tempting to think of such reforms as tax increases, but that would be a misleading over-simplification. Instead, think of limiting cross-subsidization as a type of user-fee—the more one uses a service, in this case accessing UC benefits, the more one typically pays.

It is critical to get reform measures for a system of this magnitude right. Indiscriminately hiking SUTA taxes or expanding the tax base will only dampen prospective job-growth. Slower job-growth harms all Ohioans—as it has now for decades—but it harms some communities more than others. In particular, fewer job prospects and slower growth tend to disproportionately harm Ohio's African-American communities.

Nationally, the unemployment rate among African-Americans remains much higher than among other demographics. According to the Bureau of Labor Statistics, the unemployment rate last month was 8.3 percent for African-Americans compared to 4.4 percent for whites.<sup>13</sup> Similarly,

<sup>11</sup> James Sherk, "Improving Labor Market Calls for Reducing Unemployment Duration," The Heritage Foundation, February 16, 2012, <http://www.heritage.org/research/reports/2012/02/ui-benefits-reduce-unemployment-insurance-duration>.

<sup>12</sup> Joseph Henchman, "Unemployment Insurance Taxes: Options for Program Design and Insolvent Trust Funds, The Tax Foundation, October 17, 2011, <http://taxfoundation.org/article/unemployment-insurance-taxes-options-program-design-and-insolvent-trust-funds>.

<sup>13</sup> Bureau of Labor Statistics, "Table A-2. Employment Status of Civilian Population by Race, Sex, and Age," U.S. Department of Labor, accessed October 24, 2016, <http://www.bls.gov/news.release/empstat.t02.htm>



unemployment confronts a staggering 27.2 percent of young African-Americans between 16 and 19, and 14.2 percent of young whites.<sup>14</sup>

As the debate over specific UC reforms continues, it is important to consider whether a more free-market approach might better address the needs of a fluid, 21<sup>st</sup> century labor market. Perhaps the stale, bureaucratic redistributive system has had its day and it is time for a change. Perhaps, for example, individuals should be able to set aside money in case of unemployment. Perhaps those same individuals should be permitted to draw down money from their own accounts while they seek jobs that suit their skillsets. And, perhaps, they should be able to convert unused benefits into savings so that they are better prepared for retirement in this increasingly turbulent job market.

Other countries, in fact, have tried and tested these free market ideas with great success. Chile, for instance, has a far more free market UC system<sup>15</sup> that permits personal unemployment accounts—jointly funded by employers and employees—and gives employees the ability to use any unused balances during their retirement.<sup>16</sup> Such a system gives employees “skin in the game,” which gives them a powerful incentive to find jobs faster and re-enter the workforce sooner when money that they might otherwise spend in retirement is drawn down during temporary unemployment.<sup>17</sup>

Giving employees “skin in the game” by allowing them to contribute directly to the UC system, however, will only work in a substantially reformed UC system. Such incentives created in an unreformed, non-personalized UC system—such as Ohio’s—will inevitably lead to severe political pressure to raise benefits and drain funding. And that pressure ultimately leads to tax increases and fewer jobs.

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<sup>14</sup> *Ibid.*

<sup>15</sup> William B. Conerly, PhD. “Chile Leads the Way with Individual Unemployment Accounts,” National Center for Policy Analysis, November 12, 2002, <http://www.ncpa.org/pdfs/ba424.pdf>.

<sup>16</sup> *Ibid.*

<sup>17</sup> Gozalo Reyes, Jan van Ours, Milan Vodopivec, “Incentive Effects of Unemployment Insurance Savings Accounts: Evidence from Chile,” VoxEU, February 9, 2010, <http://www.voxeu.org/article/effects-unemployment-insurance-savings-accounts-new-insights-chile>

The primary reforms found in legislation this committee has been examining take reasonable, responsible first steps toward a better economic landscape. They are certainly more growth-oriented than alternative proposals that would simply hike corporate taxes without any significant benefit modifications. But the kind of small-scale reforms contemplated there will not solve Ohio's persistent inability to generate job- and wage-growth across the state. To address that challenge, Ohio needs a long-term rethinking of the UC system in order to free her businesses from the current, failed system and give Ohio workers more incentive to pursue job prospects while saving for the future.

Thank you for your time and I welcome any questions that the Committee may have.

**From:**  
**Sent:** Tuesday, November 1, 2016 1:15 PM  
**To:** Greg Lawson  
**Subject:** FW: UC Interested Party Testimony  
**Attachments:** 161102\_Testimony\_UnemploymentCompensationReform(Final).pdf

Hi Greg,

Vanessa Forwarded me your testimony for committee on Thursday. Can you please fill out the attached witness information

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**From:** Burris, Vanessa [mailto:Vanessa.Burris@ohiosenate.gov]  
**Sent:** Tuesday, November 01, 2016 9:03 AM  
**To:** McCready, Graham <Graham.McCready@ohiohouse.gov>  
**Subject:** FW: UC Interested Party Testimony

For Thursday!

*Vanessa*

**From:** Greg Lawson [mailto:greg@buckeyeinstitute.org]  
**Sent:** Monday, October 31, 2016 4:28 PM  
**To:** Burris, Vanessa  
**Subject:** Re: UC Interested Party Testimony

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Greg R. Lawson  
*Senior Policy Analyst*

**The Buckeye Institute**  
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**THE BUCKEYE INSTITUTE**

**Interested Party Testimony Submitted to the  
Unemployment Compensation Reform Joint Committee**

**November 3, 2016**

**Greg R. Lawson, Senior Policy Analyst  
The Buckeye Institute for Public Policy Solutions**

Thank you Chairmen Peterson and Schuring and members of the Committee for the opportunity to testify today regarding reforms to Ohio's unemployment compensation system. My name is Greg R. Lawson. I am the Senior Policy Analyst at The Buckeye Institute for Public Policy Solutions, a free market think tank that believes low taxes and limited government regulations will lead to a more prosperous Ohio.

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<sup>1</sup> The Buckeye Institute, "Ohio by the Numbers – November, 2015," The Buckeye Institute, accessed January 27, 2016, <http://buckeyeinstitute.org/uploads/files/ObN-2015-11.pdf>

<sup>2</sup> *Ibid.*

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It is critical to get reform measures for a system of this magnitude right. Indiscriminately hiking SUTA taxes or expanding the tax base will only dampen prospective job-growth. Slower job-growth harms all Ohioans—as it has now for decades—but it harms some communities more than others. In particular, fewer job prospects and slower growth tend to disproportionately harm Ohio's African-American communities.

Nationally, the unemployment rate among African-Americans remains much higher than among other demographics. According to the Bureau of Labor Statistics, the unemployment rate last month was 8.3 percent for African-Americans compared to 4.4 percent for whites.<sup>13</sup> Similarly,

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As the debate over specific UC reforms continues, it is important to consider whether a more free-market approach might better address the needs of a fluid, 21<sup>st</sup> century labor market. Perhaps the stale, bureaucratic redistributive system has had its day and it is time for a change. Perhaps, for example, individuals should be able to set aside money in case of unemployment. Perhaps those same individuals should be permitted to draw down money from their own accounts while they seek jobs that suit their skillsets. And, perhaps, they should be able to convert unused benefits into savings so that they are better prepared for retirement in this increasingly turbulent job market.

Other countries, in fact, have tried and tested these free market ideas with great success. Chile, for instance, has a far more free market UC system<sup>15</sup> that permits personal unemployment accounts—jointly funded by employers and employees—and gives employees the ability to use any unused balances during their retirement.<sup>16</sup> Such a system gives employees “skin in the game,” which gives them a powerful incentive to find jobs faster and re-enter the workforce sooner when money that they might otherwise spend in retirement is drawn down during temporary unemployment.<sup>17</sup>

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Thank you for your time and I welcome any questions that the Committee may have.

**From:** Rep48  
**Sent:** Tuesday, November 1, 2016 1:19 PM  
**To:** 'Greg Lawson'  
**Subject:** FW: UC Interested Party Testimony  
**Attachments:** 161102\_Testimony\_UnemploymentCompensationReform(Final).pdf;  
Witness Information Form.docx

Greg,

Vanessa sent me your testimony for the committee hearing on Thursday. Can you please fill out the attached witness information form and return it to me as soon as possible?

Thanks,

*Graham R. McCready*

Graham R. McCready  
Ohio House of Representatives  
77 S. High Street, 12<sup>th</sup> Floor  
Columbus, Ohio 43215  
(614)-466-0892

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**From:** Burris, Vanessa [mailto:Vanessa.Burris@ohiosenate.gov]  
**Sent:** Tuesday, November 01, 2016 9:03 AM  
**To:** McCready, Graham <Graham.McCready@ohiohouse.gov>  
**Subject:** FW: UC Interested Party Testimony

For Thursday!

*Vanessa*

**From:** Greg Lawson [mailto:greg@buckeyeinstitute.org]  
**Sent:** Monday, October 31, 2016 4:28 PM  
**To:** Burris, Vanessa  
**Subject:** Re: UC Interested Party Testimony

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Here is my IP testimony before the joint UC Study committee this Thursday. Also, would it be possible to get PDF copies of the testimony from today's Tax 2020 Commission?

Greg R. Lawson  
*Senior Policy Analyst*

**The Buckeye Institute**  
88 East Broad Street, Suite 1120 | Columbus, Ohio 43215  
(614) 224-4422 | [BuckeyeInstitute.org](http://BuckeyeInstitute.org)



**THE BUCKEYE INSTITUTE**

**Interested Party Testimony Submitted to the  
Unemployment Compensation Reform Joint Committee**

**November 3, 2016**

**Greg R. Lawson, Senior Policy Analyst  
The Buckeye Institute for Public Policy Solutions**

Thank you Chairmen Peterson and Schuring and members of the Committee for the opportunity to testify today regarding reforms to Ohio's unemployment compensation system. My name is Greg R. Lawson. I am the Senior Policy Analyst at The Buckeye Institute for Public Policy Solutions, a free market think tank that believes low taxes and limited government regulations will lead to a more prosperous Ohio.

This committee has heard a great deal of testimony on the intricacies of unemployment compensation (UC) and the legislative reforms intended to address it. It is important, however, to consider this UC reform effort in the broader context of Ohio's economy.

For over half a century, Ohio has lagged behind the national average in job creation. More recently, the decade that opened the 21<sup>st</sup> century was economically disastrous for the Buckeye State. Ohio has not yet rebounded fully from the tech bubble burst in the early 2000s and is still down over 100,000 private sector jobs from March 2000.<sup>1</sup> Between 2000 and 2010, Ohio lost nearly 620,000 private sector jobs, more than any state in the country—except Michigan.<sup>2</sup> And with the exception of Central Ohio, the state remains mired in a lackluster economy unable to create new jobs anywhere near the national average. As a result, the state's labor force participation rate remains relatively low—just 62.6 percent in September.<sup>3</sup> This is three-tenths of a percent lower than the national participation rate and signals that although Ohio's job market is no longer in triage, it still has a long road to a healthy recovery.<sup>4</sup>

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# WITNESS INFORMATION FORM

PLEASE COMPLETE THE WITNESS INFORMATION FORM BEFORE TESTIFYING

DATE: \_\_\_\_\_

NAME: \_\_\_\_\_

ORGANIZATION: \_\_\_\_\_

POSITION/TITLE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_

ARE YOU REPRESENTING: YOURSELF \_\_\_\_\_ ORGANIZATION \_\_\_\_\_

DO YOU WISH TO TESTIFY ON

LEGISLATION (BILL NUMBER): \_\_\_\_\_

SPECIFIC ISSUE: \_\_\_\_\_

SUBJECT MATTER: \_\_\_\_\_

DO YOU FAVOR \_\_\_\_\_ OR OPPOSE \_\_\_\_\_ THE ENACTMENT OF LEGISLATION REGARDING THIS ISSUE?

PLEASE GIVE A BRIEF STATEMENT OF THE GROUNDS ON WHICH YOU FAVOR OR OPPOSE SUCH ENACTMENT:

WILL YOU HAVE A WRITTEN STATEMENT, VISUAL AIDS, OR OTHER MATERIAL TO DISTRIBUTE?

YES \_\_\_\_\_ No \_\_\_\_\_

(IF YES, PLEASE PROVIDE COPIES TO THE CHAIRMAN OR SECRETARY)

HOW MUCH TIME WILL YOUR TESTIMONY REQUIRE? \_\_\_\_\_

**From:** Greg Lawson  
**Sent:** Tuesday, November 1, 2016 1:33 PM  
**To:** Rep48  
**Subject:** Re: FW: UC Interested Party Testimony  
**Attachments:** 161103 UC Testimony Witness Information Form.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Graham:

Here it is. Are there any other folks testifying?

Greg R. Lawson  
*Senior Policy Analyst*

**The Buckeye Institute**  
88 East Broad Street, Suite 1120 | Columbus, Ohio 43215  
(614) 224-4422 | [BuckeyeInstitute.org](http://BuckeyeInstitute.org)

On Tue, Nov 1, 2016 at 1:18 PM, [Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov) <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)> wrote:

Greg,

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*Graham R. McCready*

Graham R. McCready

Ohio House of Representatives

77 S. High Street, 12<sup>th</sup> Floor

Columbus, Ohio 43215

(614)-466-0892

**From:** Burris, Vanessa [mailto:[Vanessa.Burris@ohiosenate.gov](mailto:Vanessa.Burris@ohiosenate.gov)]  
**Sent:** Tuesday, November 01, 2016 9:03 AM  
**To:** McCready, Graham <[Graham.McCready@ohiohouse.gov](mailto:Graham.McCready@ohiohouse.gov)>  
**Subject:** FW: UC Interested Party Testimony

For Thursday!

*Vanessa*

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*Senior Policy Analyst*

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## WITNESS INFORMATION FORM

PLEASE COMPLETE THE WITNESS INFORMATION FORM BEFORE TESTIFYING

DATE: 11/3/16

NAME: GREG R. LAWSON

ORGANIZATION: THE BUCKEYE INSTITUTE

POSITION/TITLE: SENIOR POLICY ANALYST

ADDRESS: 88 EAST BROAD ST SUITE  
1120

CITY: COLUMBUS STATE: OH ZIP: 43215

TELEPHONE: \_\_\_\_\_

ARE YOU REPRESENTING: YOURSELF \_\_\_\_\_ ORGANIZATION X

DO YOU WISH TO TESTIFY ON  
LEGISLATION (BILL NUMBER): \_\_\_\_\_  
SPECIFIC ISSUE: \_\_\_\_\_  
SUBJECT MATTER: X

DO YOU FAVOR \_\_\_\_\_ OR OPPOSE \_\_\_\_\_ THE ENACTMENT OF LEGISLATION REGARDING THIS  
ISSUE?

### INTERESTED PARTY

PLEASE GIVE A BRIEF STATEMENT OF THE GROUNDS ON WHICH YOU FAVOR OR OPPOSE SUCH  
ENACTMENT:

WILL YOU HAVE A WRITTEN STATEMENT, VISUAL AIDS, OR OTHER MATERIAL TO DISTRIBUTE?

YES X NO \_\_\_\_\_  
(IF YES, PLEASE PROVIDE COPIES TO THE CHAIRMAN OR SECRETARY)

HOW MUCH TIME WILL YOUR TESTIMONY REQUIRE? 5-10 MINUTES

**From:** Rep48  
**Sent:** Tuesday, November 1, 2016 1:40 PM  
**To:** 'Greg Lawson'  
**Subject:** RE: FW: UC Interested Party Testimony

Greg,

So far there are 4 people testifying.

Thanks,

*Graham R. McCready*

Graham R. McCready  
Ohio House of Representatives  
77 S. High Street, 12<sup>th</sup> Floor  
Columbus, Ohio 43215  
(614)-466-0892

**From:** Greg Lawson [mailto:[greg@buckeyeinstitute.org](mailto:greg@buckeyeinstitute.org)]  
**Sent:** Tuesday, November 01, 2016 1:33 PM  
**To:** Rep48 <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)>  
**Subject:** Re: FW: UC Interested Party Testimony

Graham:

Here it is. Are there any other folks testifying?

? B

Greg R. Lawson  
*Senior Policy Analyst*

**The Buckeye Institute**  
88 East Broad Street, Suite 1120 | Columbus, Ohio 43215  
(614) 224-4422 | [BuckeyeInstitute.org](http://BuckeyeInstitute.org)

On Tue, Nov 1, 2016 at 1:18 PM, [Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov) <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)> wrote:

Greg,

Vanessa sent me your testimony for the committee hearing on Thursday. Can you please fill out the attached witness information form and return it to me as soon as possible?

Thanks,

*Graham R. McCready*

Graham R. McCready

Ohio House of Representatives

77 S. High Street, 12<sup>th</sup> Floor

Columbus, Ohio 43215

[\(614\)-466-0892](tel:6144660892)

---

**From:** Burris, Vanessa [mailto:[Vanessa.Burris@ohiosenate.gov](mailto:Vanessa.Burris@ohiosenate.gov)]

**Sent:** Tuesday, November 01, 2016 9:03 AM

**To:** McCready, Graham <[Graham.McCready@ohiohouse.gov](mailto:Graham.McCready@ohiohouse.gov)>  
**Subject:** FW: UC Interested Party Testimony

For Thursday!

*Vanessa*

**From:** Greg Lawson [<mailto:greg@buckeyeinstitute.org>]  
**Sent:** Monday, October 31, 2016 4:28 PM  
**To:** Burris, Vanessa  
**Subject:** Re: UC Interested Party Testimony

Vanessa:

Here is my IP testimony before the joint UC Study committee this Thursday. Also, would it be possible to get PDF copies of the testimony from today's Tax 2020 Commission?

Greg R. Lawson

*Senior Policy Analyst*

**The Buckeye Institute**

88 East Broad Street, Suite 1120 | Columbus, Ohio 43215

(614) 224-4422 | [BuckeyeInstitute.org](http://BuckeyeInstitute.org)

**From:** Rep48

**Sent:** Thursday, November 3, 2016 10:37 AM

**To:** 'Robert Brundrett'

**Subject:** RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Rob,

We have everything we need regarding Doug's testimony for today.

The order is determined by the Chair and Representative Schuring usually picks the order right before committee.

As of right now we have 11 people scheduled to testify and are waiting for two more to come in.

Below is the order of how we have testimony in the folders:

William Hanigan - Retired Director of a workforce development office (11 years) and 30 years in private sector as the VP of operations and HR of a Cleveland based machine tool manufacturer and served on numerous local, regional and national workforce relate boards. Testifying to propose an alternative approach to the state unemployment compensation solvency issue.

Jason Kershner, Vice President of Government Affairs for Cincinnati Chamber.

Doug Holmes: UWC – Strategic Services on Unemployment Compensation and Workers Compensation. Testifying on behalf of the OMA, The Ohio Chamber, The NFIB, The Ohio Council of Retail Merchants, & The Ohio Farm Bureau.

Greg Lawson-- Senior Policy Analyst at the Buckeye Institute.

Dennis Nicodemus – President, IBEW Local Union 683

Eric Parsley - Member of the International Association of Heat and Frost Insulators and Allied Workers & President of Local 50 Columbus/Dayton, Ohio.

Don Boyd – Ohio Chamber of Commerce, Director, Labor and Legal Affairs.

Hannah Halbert – Policy Matters Ohio, Researcher

Theresa Hartley – United Steel Workers

Tim Burga - President of the Ohio AFL-CIO

Terra Goodnight – Ohio Woman's Public Policy, Policy Director, Innovation

Written Only:

Ralph Cole – Business Manager/Secretary Treasurer, Laborer's District Council of Ohio

Phil Cole – Exc. Dir. Of the Ohio Association of Community Agencies

Pete Tamborski – General Counsel for Ohio Based Sugar Creek Packing Co.

Best,

Abby

Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

-----Original Message-----

From: Robert Brundrett [<mailto:rbrundrett@Ohiomfg.com>]

Sent: Thursday, November 03, 2016 9:33 AM

To: Rep48 <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)>

Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Abby, Graham, or Justin-

Do you need anything else from me regarding Doug Holmes' testimony for today? Any idea where he might testify in today's lineup?

Thank you!

Rob

---

From: Rep48@ohiohouse.gov [[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)]

Sent: Tuesday, November 01, 2016 10:01 AM

To: Robert Brundrett

Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Rob,

Just confirming that I have received the testimony and witness slip for Doug Holmes.

Best,

Graham R. McCready

Graham R. McCready  
Legislative Page & Volunteer Internship Coordinator Ohio House of Representatives  
77 S. High Street, 12th Floor



Columbus, Ohio 43215  
(614)-466-0892

From: Robert Brundrett [<mailto:rbrundrett@Ohiomfg.com>]  
Sent: Monday, October 31, 2016 3:48 PM  
To: Rep48 <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)>  
Cc: Zielinski, Justin <[Justin.Zielinski@ohiohouse.gov](mailto:Justin.Zielinski@ohiohouse.gov)>  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Abby,

Attached is the testimony of Doug Holmes who is testifying on behalf of the five business organizations. Attached is also his completed witness slip. Please let me know if you need hard copies for Thursday. Ill be out of the office but call me at 614-348-1233.

Also please let me know you have receive this for Thursday.

Thanks and Happy Halloween!!!

Rob

From: Rep48@ohiohouse.gov<<mailto:Rep48@ohiohouse.gov>> [<mailto:Rep48@ohiohouse.gov>]  
Sent: Thursday, October 27, 2016 5:29 PM  
To: Robert Brundrett  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Rob,

Attached is a witness form.

Best,

Abby

Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

From: Robert Brundrett [<mailto:rbrundrett@Ohiomfg.com>]  
Sent: Thursday, October 27, 2016 5:04 PM  
To: Zielinski, Justin <[Justin.Zielinski@ohiohouse.gov](mailto:Justin.Zielinski@ohiohouse.gov)<<mailto:Justin.Zielinski@ohiohouse.gov>>>  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Justin,

I take it that you are handling committee next week. Do you have a witness slip we can fill out for Doug Holmes?

Rob

From: Rep48@ohiohouse.gov<<mailto:Rep48@ohiohouse.gov>> [<mailto:Rep48@ohiohouse.gov>]  
Sent: Thursday, October 27, 2016 9:58 AM  
To: Justin.Zielinski@ohiohouse.gov<<mailto:Justin.Zielinski@ohiohouse.gov>>  
Cc: Vanessa.Burris@ohiosenate.gov<<mailto:Vanessa.Burris@ohiosenate.gov>>;  
Graham.McCready@ohiohouse.gov<<mailto:Graham.McCready@ohiohouse.gov>>  
Subject: Unemployment Compensation Reform Joint Committee Meeting Notice

All,

Please see the attached notice for the next hearing of the Unemployment Compensation Reform Joint Committee. The next meeting will take place on Thursday, November 3, 2016 at 1:00 P.M. in room 313 of the Ohio Statehouse.

For those interested in presenting testimony, please submit all materials NO LATER THAN 24 HOURS in advance of the hearing.

Best,

Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

**From:** Robert Brundrett  
**Sent:** Thursday, November 3, 2016 10:42 AM  
**To:** Rep48  
**Subject:** RE: Unemployment Compensation Reform Joint Committee Meeting Notice

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Thank you!

---

From: Rep48@ohiohouse.gov [Rep48@ohiohouse.gov]  
Sent: Thursday, November 03, 2016 10:36 AM  
To: Robert Brundrett  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

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Written Only:

Ralph Cole - Business Manager/Secretary Treasurer, Laborer's District Council of Ohio

Phil Cole - Exc. Dir. Of the Ohio Association of Community Agencies

Pete Tamborski - General Counsel for Ohio Based Sugar Creek Packing Co.

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Abby

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Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

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Sent: Thursday, November 03, 2016 9:33 AM

To: Rep48 <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)>

Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

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Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

**From:** Rep48  
**Sent:** Thursday, November 3, 2016 11:07 AM  
**To:** Bethany Sanders  
**Subject:** RE: Request for Testimony on Unemployment Comp  
**Attachments:** Testimony 11-3.pdf

Bethany,

Sorry for the delay.

Attached is the testimony we have received so far for today's hearing.

I am still waiting on two testimonies.

Below is the list of people testifying:

### Testifying 11/3

William Hanigan - Retired Director of a workforce development office (11 years) and 30 years in private sector as the VP of operations and HR of a Cleveland based machine tool manufacturer and served on numerous local, regional and national workforce relate boards. Testifying to propose an alternative approach to the state unemployment compensation solvency issue.

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Theresa Hartley – United Steel Workers  
Tim Burga - President of the Ohio AFL-CIO

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**Written Only:**

Ralph Cole – Business Manager/Secretary Treasurer, Laborer's District Council of Ohio

Phil Cole – Exc. Dir. Of the Ohio Association of Community Agencies

Pete Tamborski – General Counsel for Ohio Based Sugar Creek Packing Co.

Thanks,

Abby

Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

---

**From:** Sanders, Bethany [mailto:[Bethany.Sanders@ohiosenate.gov](mailto:Bethany.Sanders@ohiosenate.gov)]  
**Sent:** Wednesday, November 02, 2016 12:01 PM  
**To:** Rep48 <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)>; Zielinski, Justin <[Justin.Zielinski@ohiohouse.gov](mailto:Justin.Zielinski@ohiohouse.gov)>  
**Subject:** Request for Testimony on Unemployment Comp

Hello-

Just formally asking for copies of testimony when it is submitted for tomorrow's committee. Thanks for all your work in organizing these hearings.

Thanks,  
Bethany

Bethany E. Sanders  
Legal Counsel  
Ohio Senate Democratic Caucus  
[bethany.sanders@ohiosenate.gov](mailto:bethany.sanders@ohiosenate.gov)  
(614) 466-0637

CONFIDENTIALITY NOTICE



The information contained in this e-mail is intended only for the use of the individual or entity to which it is addressed and it may contain information that is privileged, confidential, attorney work product and/or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient (or the employee or agent responsible to deliver it to the intended recipient), you are hereby notified that any dissemination, distribution, or copying of this e-mail is prohibited. If you have received this e-mail in error, please notify the sender by return e-mail.

**From:** Sanders, Bethany  
**Sent:** Thursday, November 3, 2016 11:08 AM  
**To:** Rep48  
**Subject:** RE: Request for Testimony on Unemployment Comp

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Thanks!

Bethany E. Sanders  
Legal Counsel  
Ohio Senate Democratic Caucus  
[bethany.sanders@ohiosenate.gov](mailto:bethany.sanders@ohiosenate.gov)  
(614) 466-0637

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**To:** Sanders, Bethany  
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### **Written Only:**

Ralph Cole – Business Manager/Secretary Treasurer, Laborer’s District Council of Ohio

Phil Cole – Exc. Dir. Of the Ohio Association of Community Agencies

Pete Tamborski – General Counsel for Ohio Based Sugar Creek Packing Co.

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Abby

Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48

77 South High Street  
Columbus, OH 43215  
614-752-2438

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**Sent:** Wednesday, November 02, 2016 12:01 PM  
**To:** Rep48 <Rep48@ohiohouse.gov>; Zielinski, Justin <Justin.Zielinski@ohiohouse.gov>  
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Bethany

Bethany E. Sanders  
Legal Counsel  
Ohio Senate Democratic Caucus  
[bethany.sanders@ohiosenate.gov](mailto:bethany.sanders@ohiosenate.gov)  
(614) 466-0637

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## UNEMPLOYMENT COMPENSATION REFORM JOINT COMMITTEE

Testimony of William Hanigan

November 3, 2016

Good Afternoon,

Chairman Peterson, Chairman Schuring and members of the Unemployment Compensation Reform Joint Committee, my name is William Hanigan. I am recently retired as an Ohio Workforce Development Director of eleven years and previous to that the VP of Operations and Human Resources of a machine tool manufacturer. It has been my pleasure to have worked with State and Business Organizations in both careers in an effort to improve the workforce system of which unemployment is an integral part.

Thank you for the opportunity to provide testimony regarding challenges related to Ohio's Unemployment Solvency issue.

The Unemployment Insurance had its federal origins with the passage of Social Security Act of 1935. The original sixteen weeks of benefit has expanded to the current twenty-six, as a method to provide for the financial needs of workers, who are unemployed through no fault of their own, while searching for new employment.

The U.S. Economy has changed since 1935 with ever-changing technology requiring worker diligence in maintaining and fostering new skills. The manufacturing industry had cyclical employment which built then sold off excess inventory. Product life cycles and technology changes were longer. Life time employment was common. While all this has changed; we continue to tinker at the edges of the Unemployment system hoping that twenty-six weeks of a fixed weekly benefit meets the current transitional needs of the unemployed worker and is sufficient to re-train under skilled laid-off workers in new technology. However, many workers have the skills to transition to new employment but may be delayed as initial wage offering are below that of their prior employment. The system is a one size fits all.

There may be an alternative option. Provide eligible unemployed workers a choice. A choice that would provide an opportunity to remain on the current unemployment system with the provision that they must monthly report to their local One Stop Center, so as to assist those who are struggling with their resume, interview or general job search; or provide to them a lump sum incentive of up to eight weeks of the average unemployment weekly benefit to enable and motivate the unemployed to take initial employment probationary offers which may be lower than prior earnings, or use such funds upon securing employment to assist the family in keeping a family member in

---

school, pay medical premium(s), or even bank the amount. In terms of payroll offset, if an unemployed worker were prepared to accept immediate employment the estimated \$2,744 lump sum (\$343 avg. weekly benefit X 8 weeks) would be equivalent to \$5.27/hour if applied to a three month probation period for a new job opportunity. This could be coupled with an On-the-Job Training effort through their local One Stop for in-demand occupations. The wage offset is currently available to those unemployed workers eligible under the Trade Adjustment Act (TAA) as provided by the U.S. Dept. of Labor, but not available to the average unemployed worker.

The unemployed worker has an option under this program. They can remain with the current twenty-six week program as amended with the reporting requirement; or if their skills are sufficient and opportunities are available, then they can opt for the lump sum benefit. The information conveyed and the choice is theirs.

The Unemployment Trust fund could benefit, if the option is selected. If in using September Labor Market Information, the 25,990 initial claimants were to remain under the current twenty-six week program the September claims would be \$138.6 million (25,990 claimants X \$357.88 avg. weekly benefit amount X 14.9 avg. weeks of duration). If the lump sum option for the same number of claimants were chosen then the obligation would be \$74.4 million. The difference between these two numbers would diminish based on the number selecting the twenty-six week current program.

It is time to examine alternative options for today's workers and business. I am hopeful that this concept will provide efforts to view the system differently.

Thank you for the opportunity to speak to you today. I am available to answer any questions you may have.



**Joint Committee on Unemployment Compensation Reform**  
**Proponent Testimony – November 3, 2016**  
**Jason Kershner – VP of Government Affairs, Cincinnati USA Regional Chamber**

---

Good afternoon Chairman Peterson, Chairman Schuring, and members of the Joint Committee on Unemployment Compensation Reform. My name is Jason Kershner and I am the Vice President of Government Affairs for the Cincinnati USA Regional Chamber. The Cincinnati Chamber is the largest business advocacy organization in Southwest Ohio representing approximately 3,858 Ohio businesses and 285,379 employees. On behalf of the Chamber, thank you for the opportunity to testify today in support of reforms to the unemployment compensation system. It is the purpose of the Chamber to grow the vibrancy and economic prosperity of our region, and we help to accomplish this objective by being a Bold Voice for Business within government, which is why we are here.

According to Ohio labor market information, employees in the Southwest Ohio region represent approximately 1/5 of the state's entire workforce. As such, the federal debt that Ohio incurred resulting in increased unemployment compensation fees to businesses was a significant burden on businesses in Southwest Ohio. The Cincinnati Chamber appreciates the action that you took earlier this year to eliminate Ohio's debt to the federal government and provide much needed relief to Cincinnati area businesses. This action saved businesses across the state roughly \$405 million, which included approximately \$81 million in Southwest Ohio alone. Thank you.

Resolving the immediate funding problem was critical. We are also pleased that this committee has convened to advance reforms to the system to prevent future insolvency. We thank you in advance for the hard work, research and difficult choices you will face in assuring that Ohio's unemployment compensation fund remains solvent and free from federal debt and penalties. The Cincinnati Chamber believes that any reforms that are pursued should look at both what is paid in by employers and what is paid out to beneficiaries. Finding an appropriate balance will ensure future solvency and solidify Ohio's status as a great place to do business.

The Chamber encourages action before the end of the year as it is imperative that Ohio's broken unemployment compensation system is fixed. It is important that this system is strong as we look forward to working together on innovative policies to spur development, grow businesses and attract jobs.

Thank you for your time and efforts on this important issue, and I am happy to take any questions that you may have.



**NFIB** THE OHIO COUNCIL OF  
The Voice of Small Business. *Retail Merchants*  
The voice of retail since 1922

TESTIMONY  
OF  
DOUG HOLMES  
PRESIDENT  
UWC – STRATEGIC SERVICES ON UNEMPLOYMENT  
& WORKERS' COMPENSATION

NOVEMBER 3, 2016



Chairman Peterson, Chairman Schuring, and members of the committee, thank you for the opportunity to testify before you today. My name is Doug Holmes and I am the President of UWC - Strategic Services on Unemployment & Workers' Compensation (UWC). I testified previously before the Insurance Committee of the House of Representatives on November 18, 2015 and on January 19, 2016.

UWC was established in 1933 and is a broad-based national association exclusively devoted to the issues of national unemployment insurance and workers' compensation public policy. I am here today to testify on behalf of The Ohio Manufacturers' Association, Ohio Chamber of Commerce, National Federation of Independent Businesses -- Ohio, The Ohio Council of Retail Merchants, and the Ohio Farm Bureau.

First, permit me to thank the House and Senate in developing and enacting HB 390 to address the immediate need to avoid additional dramatic increases in the Federal Unemployment Tax for 2016 and 2017. This legislation was a very important first step to eliminate the outstanding federal loan debt and to set the stage for longer term solvency measures in anticipation of the next recession.

We appreciate the leadership of Representative Sears who started the conversation on Unemployment Insurance (UI) solvency reform, the House Insurance Committee and this committee in conducting a series of hearings and giving careful attention to UI solvency.

During my tenure with the Ohio Department of Job and Family Services and the Ohio Bureau of Employment Services from 1984 to 2005 I supervised or served directly as the Secretary of the Unemployment Compensation Advisory Council. During the span of 21 years the UCAC addressed many solvency challenges after recessions and in anticipation of the next recession.

I was involved in assisting the Ohio General Assembly and business and labor leaders in crafting successful responses to - or in anticipation of - the recessions of the early 1980s, 1992 and 2002. In all cases the legislative solution incorporated a balanced approach that included additional revenue and reductions in benefit payout.

The first step always included an assessment of the current status of the fund, the tax burden, and projections of what was needed to pay benefits. It is helpful at this point to take a look at the trust fund with updated information. With the enactment of HB 390 and an additional year of reduced benefit payout, the trust fund balance has improved, yet we are also one year closer to the next recession and the differential between contribution revenue and benefit payout on an annual basis. Additional solvency measures are clearly needed in order to produce a positive balance sufficient to withstand a recession without having to once again borrow from the federal unemployment account or secure some other financing.

According to the U.S. Department of Labor Quarterly Data Summary for the 2<sup>nd</sup> quarter of 2016, Ohio collected \$1.1 billion in revenue for the year ending June 30, 2016 and paid \$967 million in unemployment compensation. Assuming that the current trust fund balance after repayment of the outstanding Title XII loan is \$500 million, a net positive annual addition to the trust fund balance of just

\$130 million per year is clearly not sufficient to generate the balance needed to reach a minimum safe level under current law of \$2.7 billion or the even higher federal 1.0 Average High Cost Model level.

To get to a solvency level of \$2.7 billion at the current rate of recovery would take approximately 16 years and the next recession is likely much sooner than that. The options to generate that much additional revenue and/or reduction in benefits in such a short period of time are frankly distasteful as a matter of policy and can significantly impact employers, unemployed workers and the Ohio economy.

HB 394 included significant tax and benefit measures in recognition of the size of the problem to be solved and borrowed from solvency measures in other states that had been successful. Each state, however, is different, with a different industrial mix and employment base.

Ohio is not the only state that is still not prepared for the next recession. As we meet today, seven years after the end of the recession of 2008-09, the country is still recovering, and unemployment insurance trust fund balances in most states are not sufficient to withstand a reasonably foreseeable recession. As of the second quarter of 2016, only 17 states had unemployment trust fund balances that met or exceeded the U.S. Department of Labor suggested solvency level, but all of them are smaller states – the largest being the state of Washington. None of the top 11 largest industrialized states meet the 1.0 AHCM solvency guideline and are unlikely to reach that level.

California	\$3.1 billion outstanding Title XII debt
New York	0.04
Pennsylvania	Outstanding Bond debt
Illinois	Outstanding Bond debt
Ohio	Recently paid off Title XII debt – outstanding state loan to be repaid in 2017
Michigan	Outstanding Bond debt
Florida	0.88
Texas	Outstanding Bond debt
Massachusetts	0.27
New Jersey	0.33
North Carolina	0.57

The only large states approaching a 1.0 AHCM are the states that took dramatic steps to reduce unemployment compensation benefit payout: Florida and North Carolina.

As a practical matter, a review over a period of decades shows that larger states have chosen not to require trust fund balances of 1.0 AHCM because the increased tax burden to reach that level would

place them at a competitive disadvantage with other industrialized states and the world market. A review of Ohio's unemployment trust fund history shows that a trust fund balance of between 0.6 and 0.7 times AHCM was sufficient to withstand the recessions in the early 1990s and 2002.

Increasing taxes at rates that are greater than competing states in order to reach 1.0 AHCM will impact the cost to Ohio employers of hiring new employees and could result in the loss of new employers who choose to locate in lower tax states.

Although steps taken in HB 390 improved the immediate unemployment trust fund balance, Ohio is still among the least solvent states in the country. Only California and the Virgin Islands have outstanding federal loan balances.

Many states with outstanding federal loan debt due to the 2008 recession took action to improve trust fund solvency in order to avoid the imposition of federal tax increases and to improve solvency in anticipation of the next recession. The responses included reductions in benefit payout, improved integrity, increased state tax bases and rates, state loans and appropriations, private bank loans and revenue bonds.

Ohio's long term imbalance is driven principally by 1) maximum weekly benefit amounts that are higher than the national average and higher than most surrounding states, 2) the automatic increase in the maximum weekly benefit amount tied to increases in the statewide average weekly wage, 3) the availability of up to 26 weeks of unemployment compensation, and 4) a relatively low tax base. Ohio's tax base at \$9,000 is below the national average and slightly below tax bases in surrounding states. There are also a number of claims eligibility and integrity measures that could improve the solvency of the fund. Measures to improve the effective collection of overpayments and prosecution of fraud are available.

Clearly, it is imperative that Ohio take steps to improve the solvency of its unemployment trust to better align benefits and contributions, and build a significant balance in the state's trust fund before the next recession. Although the state may be later in the economic cycle than other states to act, choosing not to address state trust fund solvency in advance of the next recession risks that the trust fund will become depleted requiring the state to borrow and the state or employers to pay interest on federal loans or opt to enact bond authority and pay debt service. In the second year of an outstanding federal debt the FUTA tax increases that were just eliminated through the enactment of HB 390 would once again begin to increase until federal loan balances were paid off.

A number of measures should be considered in developing the solvency package. Based on best practices from other states, below are options to consider.

#### **1. Freeze and/or Limit Maximum Weekly Benefit Amounts**

Limitations on increases in the Maximum Weekly Benefit Amount to be provided are commonly imposed as one of the possible solvency measures. Ohio enacted limitations as part of solvency measures in response to the recession of the late 1970s and early 1980s. Many states have automatic

Increases in maximum weekly benefit amounts tied to the statewide average weekly wage, but 18 states have specific dollar maximums that do not automatically go up with the state average weekly wage. The automatic increase in maximum weekly benefit amounts is a significant cost driver for the UI system and contributed to Ohio's current insolvency.

Freezing maximum weekly benefit dollar amounts or limiting the maximum to a lower percentage of the statewide average weekly wage for new applications filed for weeks beginning on and after January 1, 2018 would reduce benefit payout and can be modeled to project savings. The 50% of Statewide Average Weekly Wage (SAWW) is already generally the maximum amount for claimants, except higher wage earners who have dependents. By applying a freeze or a 50% of SAWW limitation to new applications filed for weeks beginning on or after January 1, 2018, no current claimants would see a reduction in weekly benefit amount through the end of their current benefit years.

#### **2. Repeal Higher Maximum Benefit Amounts for High Wage Claimants with Dependents**

Ohio is one of only 14 states that has some form of dependency provision which increases the weekly benefit amount that is provided to claimants with dependents. Unlike most of the 14 states, Ohio law only provides for higher maximum benefit amounts for those who have average weekly wages during their base periods that are higher than the statewide average weekly wage.

The dependency provision is not required by federal law, no additional administrative funding is provided for the staff needed to determine the various classifications of dependency, and the time taken for dependency determinations makes it more difficult to determine eligibility within the expedited time frame expected for UI claims.

The repeal of this provision will save benefit payout, simplify administration, and will not impact low wage claimants.

#### **3. Increase the State Unemployment Tax Base Effective January 1, 2018**

An increase in the state unemployment tax base to \$11,000 from \$9,000 would be consistent with the trend in other states addressing solvency and produce dedicated additional revenue to improve the solvency of the unemployment trust. This increase of 22% in tax base will place Ohio's tax base higher than all surrounding states except West Virginia.

Raising the tax base even higher may raise additional revenue but would put Ohio at a disadvantage in attracting new business and keeping existing employers from moving to lower cost states.

#### **4. Set a Reasonable Minimum Safe Level for the UI Trust Fund**

Although the U.S. Department of Labor Guideline recommends a positive balance of 1.0 Average High Cost Multiple (AHCN), the tax increases and/or benefit reductions required to meet this level would place Ohio at a disadvantage in attracting new employers and retaining existing Ohio businesses and the increases in tax and/or cuts in benefits would be too great before the beginning of the next recession. A review of the history of the trust fund demonstrates that a minimum safe level set under current law

was sufficient to respond to a reasonably foreseeable recession. In the event of a much larger recession, Ohio and the other larger industrial states would all respond with significant measures as necessary to finance benefits. There is a need to build a significant balance in preparation for the next recession; however, building excessive balances through state UI tax increases takes money away from investment in job creation by employers.

At this point in the economic cycle I recommend gradual increases in tax base and reductions in benefit eligibility, with careful ongoing review of the trust fund balance and the status of the trust fund. It is unlikely that the state will be able to avoid borrowing to pay benefits as a result of a significant recession. Additional adjustments may be needed in response to the next recession.

#### **5. Adjust the Range of the Number of Potential Weeks of Unemployment Compensation**

In response to the Great Recession many states enacted changes to the number of potential weeks of unemployment compensation that would be available to individuals filing for unemployment compensation and a number of states tied the number of potential weeks of benefits to the state unemployment rate.

Michigan	20 weeks
Missouri	20 weeks
Kansas	16-26 weeks depending on total unemployment rate
Arkansas	25 weeks
Florida	12-23 depending on total unemployment rate
Georgia	14-20 depending on total unemployment rate
North Carolina	12-20 depending on total unemployment rate
South Carolina	20 weeks

Current Ohio law uses a sliding scale of the number of weeks based on the number of base period qualifying weeks from 20 to 26. Because a qualifying week is any week with respect to which wages are paid or earned the percentage of claimants with fewer potential weeks of less than 26 is very small.

A change in the determination of the total number of weeks potentially available twice a year based on the state seasonally adjusted three month total unemployment rate before January and July would be consistent with changes made in other states tied to the total unemployment rate. A sliding scale which sets the number from as low as 12 weeks when the rate is 5.5% or below up to 20 weeks if the rate is 9% or higher would follow the practice established in North Carolina. Experience with other states adopting these sliding scales has shown a significant reduction in benefit payout and a reduction in the average duration of unemployment. Such a provision would more quickly align benefit payments with contribution revenue and assist in building a positive balance in the unemployment trust fund.

A change similar to Michigan, Missouri and South Carolina would be to set a single maximum at 20 weeks. Such a provision would reduce benefit payments to some degree without impacting the majority of claimants. The average duration of unemployment compensation in Ohio as of the 2<sup>nd</sup> quarter of 2016 was 14.5 weeks.

#### **6. Consider Exempting Unemployment Compensation from State Income Tax**

Unemployment compensation is not uniformly subject to state income tax. The policy underpinning for states choosing not to subject unemployment compensation to taxation is that the payments are not being made to individuals for services performed and that to subject them to taxation would reduce their value as temporary wage replacement while individuals were unemployed and searching for work.

Although federal law requires that unemployment compensation be treated as income and states generally follow federal law in defining that which is subject to taxation as income, some states elected not to tax unemployment compensation as income under state law.

According to a Tax Foundation study, of the 41 states that tax wage income, 5 states completely exempt unemployment benefits from tax (California, New Jersey, Oregon, Pennsylvania, and Virginia). Two states partially exempt a fixed dollar amount of benefits from state income tax but tax the rest.

An amendment to provide that state unemployment compensation is not taxable as income under state law would increase the wage replacement value of the benefits without negatively impacting the state unemployment trust fund.

There would be some additional administrative expense associated with the different treatment for state income tax purposes and there could be an impact on state revenue; however, it would also reduce the impact in net benefits that otherwise may be imposed in solvency measures.

#### **7. Improve Overpayment Collection**

Current law requires that non-fraud overpayment determinations must be made within three years after the end of the benefit year in which benefits were claimed. This period is shorter than many other states, restricting agencies from determining overpayments to be collected. A period to six years would be more consistent with best practices in other states.

Current law requires that if non-fraud overpayment amounts are not repaid or recovered within three years from the date of the director's order becoming final, the agency shall initiate no further action to collect the overpaid benefits and cancel the amounts not recovered.

This three year limitation restricts overpayment collection, particularly when the agency is able to locate the individual and finds that the individual is once again claiming unemployment compensation and/or has significant resources with which to make repayment.

Removing the artificial time frame for collection in favor of discretion by ODJFS to use best practices in collection enables more effective overpayment identification and collection. It will reduce the amount of overpayments that should not have been written off and improve the solvency of the UI Trust Fund.

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A review of the annual Mutualized Account report for the period ending June 30, 2015 shows that approximately \$6 million in uncollected benefit overpayments were written off. Permitting ODJFS to extend the period of collection would reduce the annual write off and improve trust fund solvency.

**8. Eliminate Double Payment Of Wage Replacement When Unemployment Compensation is Claimed for the Same Week as Workers' Compensation Total Disability and/or Social Security Disability**

To be eligible to be paid unemployment compensation under federal law an individual must be able to work, available to work and actively seeking work during each week that he or she claims unemployment compensation. Despite this requirement, individuals who have been determined unable to work for a week or weeks for purposes of workers' compensation or Social Security Disability have been found to claim all of these benefits for the same week, resulting in some cases in more in wage replacement than the wages to be replaced. This can result in discouraging individuals from recovering from disabilities and seeking work. It also unduly costs the UI trust fund.

A requirement that no individual may be paid unemployment compensation for a week if the individual was determined not to be able to work for that week for purposes of workers' compensation or Social Security Disability Insurance not only encourages individuals to recover and seek work but also reduces the unnecessary payment of benefits from the UI trust fund.

To the extent that individuals may be partially disabled and still able to work, consideration may be given to permit them to claim unemployment compensation reduced by workers' compensation and disability payments that may be allocated to weeks of unemployment compensation claimed.

**9. Require Sustained Workforce Attachment to Qualify for Benefits**

Many states require that individuals have a significant attachment to the workforce with employment in multiple quarters of the base period. Most states, including Ohio, have an alternative base period (ABP) provision that enables more individuals to qualify to establish benefit rights and/or uses the most recent quarterly wages in determining whether an individual is eligible to establish a benefit year in which the individual may be paid unemployment compensation for weeks claimed.

The ABP provisions generally were enacted in recognition that in some cases individuals had more recent work prior to becoming unemployed that was not captured in states that used the first four of the most recently completed calendar quarters. In Ohio, if the number of qualifying weeks and/or wages paid in the four quarter period is not sufficient to qualify for benefit rights the agency will review the most recently completed four quarters prior to the filing of the application for benefits by the individual in determining eligibility.

Ohio enacted its ABP provision in the late 1980s in response to concerns expressed by workers, particularly in the construction industry, in recognition that work in the industry may fluctuate from quarter to quarter and that capturing more recent employment in these cases would be more representative of the individual work history immediately prior to an individual becoming unemployed.

For example, a "regular" base period for an individual filing an application in November would be the four quarters ending June of 2016. If the individual did not have sufficient weeks or wages in that period the agency would examine the weeks and wages in the most recently completed four calendar quarters (the four quarters ending September 30<sup>th</sup>).

The effect of the ABP generally is to qualify more individuals for unemployment compensation and has the effect of increasing the average weekly benefit amounts of those who qualify because of more recent wage information.

A requirement that an individual have wages (earn remuneration) in at least two of the most recently completed three calendar quarters in the individual's base period, whether it is the regular or alternative base period, would ensure that there is a recent significant attachment to the workforce as part of the determination to qualify to establish benefit rights. Such a provision would have minimal impact on whether an individual had sufficient weeks or wages in the regular or alternative base period.

Another option in many states is to require that a certain amount of wages or a percentage of base period wages be earned outside the high quarter. Pennsylvania, for example, has required that an individual have worked at least 18 weeks in his or her base period and have at least 49.5% of base period earnings in other than the high quarter. Indiana requires that an individual have wages of at least \$2,500 in the last two quarters.

#### **10. Enhance Fraud Penalties, Prosecution, and Overpayment Collection**

The current law requires that if ODJFS finds fraudulent misrepresentation by an applicant for unemployment compensation that the director shall reject or cancel the applicant's entire weekly claim for benefits that was fraudulently claimed or the entire benefit rights if the fraud was in connection with the application; however, the authority to make such determinations is limited to four years after the end of the benefit year in which the fraudulent misrepresentation was made.

Removing the limitation within which the fraudulent determinations may be made and giving broader discretion to ODJFS would assist in the identification and prosecution of fraudulent claims.

The current law requires that if there is misrepresentation in the determination of benefit rights ODJFS shall impose two penalty weeks to be canceled for payment for each week of fraud. The penalty applies for six years after the discovery of the misrepresentation.

This specific time limitation for the imposition of the penalty weeks should be amended to remove the statutory six year limitation on the period of time for administrative or legal proceedings for the collection of fraudulently claimed benefits or interest due on such benefits. The provision requiring that such amounts not be filed as liens and be canceled as uncollectible should also be deleted.

These integrity provisions will enable a more active and sustained collection effort, including greater coordination with the IRS through the Treasury Offset Program under which uncollected benefit amounts may be collected through offset against federal income tax refunds. The provisions will also enable the agency to be more aggressive in prosecution of fraud.



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**11. Deny Benefit Payments for a Week when a Claimant Cannot Verify that the Claimant Continues to be Unemployed after Additional Employment**

Ohio currently requires that an individual serve a waiting week in establishing benefit rights and claiming the first week during his or her benefit year. A similar waiting week is not currently required when an individual returns to work full time during his or her benefit year after claiming weeks of unemployment compensation. The reporting of additional employment or an extended period during an individual's benefit in which the claimant does not claim benefits may raise an issue for review by the agency to determine whether the individual continues to be unemployed so as to be eligible to be paid unemployment compensation for subsequent weeks.

The imposition of a waiting week to be served after a break in claiming benefits of three consecutive weeks during his benefit year before claiming subsequent weeks of unemployment compensation would assist in reducing the number of individuals who are employed full time while claiming unemployment compensation and assist in identifying fraud and identity theft earlier during the benefit year.

Another alternative to address this issue may be to require individuals who do not have a return to work date and fail to file claims for benefits for three consecutive weeks to report to the UI agency as a condition of being paid unemployment compensation for the ensuing week. This would still provide a vehicle to identify fraud and identity theft while enabling individuals who continue to be unemployed to receive compensation.

**12. Clarify Labor Dispute Disqualification Provisions**

Individuals who participate in labor disputes in which they withhold their labor pending the outcome of a dispute with their employer are generally disqualified from unemployment compensation as they have voluntarily made themselves unavailable for work. The labor dispute disqualification typically is applied for any weeks for which the unemployment of the individual is due to the labor dispute.

Ohio is among a small number of states in which the statute and case law provide a constructive "lock out" exception. Case law in Ohio has created the theory of constructive lock out in which courts review the negotiations between employers and unions to determine which party took steps to effectively cause the unemployment. Did the employer insist on its final proposal and notify employees that they were permanently replaced? Did the union bargain in good faith and assure that bargaining unit members were at all times willing to return to work under the terms of employment pending final agreement?

The result of "constructive" lock out case law construing the statute has been that individuals participating in labor disputes that otherwise would be disqualified have been paid benefits. Statutory language that would more specifically define "lock out" to mean the physical denial of entry by an employer to a factory, establishment, or other premises would be helpful in clarifying when the labor dispute denial would not apply. It would also be helpful to adopt in statute the case law standard that a "lock out" does not include an employer taking reasonable steps to secure and protect a factory, establishment, or other premises from sabotage.

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### **13. Provide Clarification of the Standard to Determine Just Cause for Termination**

Ohio Supreme Court case law has established the precedent that if an individual is not suitable for a position because the individual did not perform the work required, the employer made known the employer's expectations at the time of hiring, and the expectations were reasonable and did not change since hiring, the individual is at fault and may be discharged for just cause and be disqualified from benefits. This standard is not well known, resulting in inconsistent application of the law.

A clear statement of this standard is needed. Also, a clear codification of policy is needed to state that it is just cause to terminate individuals from employment when they violate the terms of an employee handbook provided to them as part of the terms or conditions of employment.

An individual who is absent from work for a period of three consecutive work days without notifying the employer should be considered to have quit work without just cause. This is consistent with general policy concerning job abandonment. Codification of all of these provisions will be helpful in providing notice to employers and employees about the standards to be applied.

### **14. Clarify Work Search Requirements**

Claimants are required to be actively seeking work as a condition of being eligible for unemployment compensation and they must accept work offered. However, federal law requires that an individual not be disqualified for refusal to accept new work if it is not in the local area.

The administration of this provision is difficult given the different travel expectations for jobs that are available to claimants. Specific authority to ODJFS to adopt rules to define "unreasonable distance" and "locality" would be helpful.

### **15. Avoid Paying More in Unemployment than an Individual Earned in Wages**

Federal law and current state law require that there be a reduction in the weekly benefit amount payable to a claimant for periodic Social Security payments. Federal law also, however, permits states to limit the reduction if a claimant made a contribution to social security and is receiving a retirement payment.

The current law results in some individuals receiving nearly as much or more in the combined UI wage replacement and social security retirement benefits than their average weekly wage during the base period.

A review of Ohio's current provision which provides for no offset should be reviewed as part of the examination of measures to improve UI trust fund solvency.

### **16. Reduce the New Employer Tax Rate to Attract New Business**

Federal law permits states to provide for a 1.0% new employer rate. A number of states have included this low new employer rate, other than for employers in the construction industry, as part of efforts to attract new employers to the state. A 1.0% new employer rate was recently adopted in North Carolina.

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The average unemployment tax rate for employers in the construction industry is typically higher than the general average unemployment tax rate. Excluding the construction industry avoids the potential that out of state contractors who are new to the state may underbid existing construction contractors in the state due to the reduced new employer tax rate.

Although enacting this provision would reduce revenue to some degree from new employers, over the long term this provision may increase revenue if it enables the state to attract new employers who would otherwise not be operating in Ohio.

#### **Coordination with HB 390**

With the enactment of HB 390 to provide funding to pay off the remaining federal loan it was recognized that provisions in the Act would be amended with the enactment of longer term solvency legislation.

Section 4141.25 (B) (7) (a) should be amended to provide that the imposition of increased contribution rates in the event that the trust fund has a remaining balance due in Title XII loan amounts as of the computation are to be determined only for the following calendar year and that this review and determination should be made by the Director of ODJFS each year as of the computation date at a rate sufficient to pay off the balance prior to November 10<sup>th</sup> of the following year. The current language would require that the rate increase determination continue after the computation date until the earlier of the principal on any outstanding balance is eliminated or the director determining that the total credits allowable against the FUTA tax would be fully reduced for that calendar year. The amount of the rate increase and the timing of its imposition and termination should be amended to be more specific and consistent with the normal contribution rate determination and effective date processes.

Section 4141.25 (B) (8) should also be amended to provide that the additional contributions required by divisions (B) (6) and (B) (7), if any, should be credited to individual employer accounts instead of 50% to the mutualized account and 50% to individual employer accounts. The mutualized account balance is currently very high and additional credits are not needed for the account.

The new Section 4141.251 (D) should be amended to assure that in the event that an employer makes a payment that is insufficient to pay the amount of contributions due and the amount of the surcharge to pay interest that the partial payment be first applied to the employer's individual account, followed by the mutualized account and then to pay the surcharge. This amendment will assure that a federal issue is not raised with respect to amounts received being immediately deposited in the state unemployment trust fund.

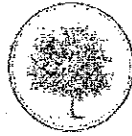
#### **Conclusion**

There has been considerable testimony raising issues with various provisions of HB 394, and modifications to the language of that bill as introduced and in substitute form should be considered in finalizing legislation to address solvency. Amendments to address provisions in HB 390 should also be considered in finalizing the legislation. The need for comprehensive UI solvency now is greater than ever

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as we approach the likelihood of an economic downturn in the near term. Significant solvency measures are required with respect to benefit pay-out, contributions to be paid and integrity.

We urge this committee to finalize its deliberations and proceed with solvency legislation.



**THE BUCKEYE INSTITUTE**

**Interested Party Testimony Submitted to the  
Unemployment Compensation Reform Joint Committee**

**November 3, 2016**

**Greg R. Lawson, Senior Policy Analyst  
The Buckeye Institute for Public Policy Solutions**

Thank you Chairmen Peterson and Schuring and members of the Committee for the opportunity to testify today regarding reforms to Ohio's unemployment compensation system. My name is Greg R. Lawson. I am the Senior Policy Analyst at The Buckeye Institute for Public Policy Solutions, a free market think tank that believes low taxes and limited government regulations will lead to a more prosperous Ohio.

This committee has heard a great deal of testimony on the intricacies of unemployment compensation (UC) and the legislative reforms intended to address it. It is important, however, to consider this UC reform effort in the broader context of Ohio's economy.

For over half a century, Ohio has lagged behind the national average in job creation. More recently, the decade that opened the 21<sup>st</sup> century was economically disastrous for the Buckeye State. Ohio has not yet rebounded fully from the tech bubble burst in the early 2000s and is still down over 100,000 private sector jobs from March 2000.<sup>1</sup> Between 2000 and 2010, Ohio lost nearly 620,000 private sector jobs, more than any state in the country—except Michigan.<sup>2</sup> And with the exception of Central Ohio, the state remains mired in a lackluster economy unable to create new jobs anywhere near the national average. As a result, the state's labor force participation rate remains relatively low—just 62.6 percent in September.<sup>3</sup> This is three-tenths of a percent lower than the national participation rate and signals that although Ohio's job market is no longer in triage, it still has a long road to a healthy recovery.<sup>4</sup>

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<sup>1</sup> The Buckeye Institute, "Ohio by the Numbers – November, 2015," The Buckeye Institute, accessed January 27, 2016, <http://buckeyeinstitute.org/uploads/files/ObN-2015-11.pdf>

<sup>2</sup> *Ibid.*

<sup>3</sup> Ohio Department of Job and Family Services, "Employment Situation Indicators for Ohio, September, 2016," Ohio Department of Job and Family Services, accessed October 24, 2016, [http://jfs.ohio.gov/RELEASES/unemp/201610/Ohio-US\\_EmploymentSituation.stmES/unemp/201601/Ohio-US\\_EmploymentSituation.stm](http://jfs.ohio.gov/RELEASES/unemp/201610/Ohio-US_EmploymentSituation.stmES/unemp/201601/Ohio-US_EmploymentSituation.stm).

<sup>4</sup> Ohio Department of Job and Family Services, "Ohio and U.S. Employment Situation- Seasonally Adjusted," Ohio Department of Job and Family Services, accessed October 24, 2016, <http://jfs.ohio.gov/RELEASES/unemp/201610/index.stm>.

To build and maintain a strong economy, Ohio needs as its cornerstone a strong private sector that creates jobs—jobs that reward people for their hard work and offer them viable paths to financial security and prosperity. A responsive and responsible UC system can and should be part of rebuilding Ohio's economic structure by offering a "safety springboard" for Ohioans who can work, but need time to transition from job-loss back to the workforce. In this way, unemployment compensation should act as an insurance policy designed to mitigate the risk of temporary unemployment, but also gives individuals the appropriate incentives to seek and quickly find reemployment.

Unfortunately, most UC systems—including Ohio's—rely on funding mechanisms and taxes that have the perverse effect of making it harder for employers to expand their workforce and raise employee wages. As President Reagan once said, "If you want less of something, tax it." By confronting employers with higher tax rates on larger taxable wage bases—as some opponents of reform have recommended—Ohio risks stagnating and diminishing wage growth<sup>5</sup> and fewer new jobs. Money that employers otherwise could use to enhance their workforces is siphoned off to pay the tax bill,<sup>6</sup> so although it may look like employers fund Ohio's UC benefits, the employees ultimately bear the burden of the program.<sup>7</sup> Thus, when reform opponents call for higher taxes on employers and taxable wage-base expansions,<sup>8</sup> they unwittingly ask the General Assembly to sacrifice job- and wage-growth in exchange for what

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<sup>5</sup> John M. Barron, R. Preston McAfee, Paul J. Speaker, "Unemployment Insurance and the Entitlement Effect: A Tax Incidence Approach," *International Economic Review*, Volume 27, Issue 1 (Feb., 1986), 175-185, accessed January 27, 2016,

[https://www.researchgate.net/publication/5109550\\_Unemployment\\_Insurance\\_and\\_the\\_Entitlement\\_Effect\\_A\\_Tax\\_Incidence\\_Approach](https://www.researchgate.net/publication/5109550_Unemployment_Insurance_and_the_Entitlement_Effect_A_Tax_Incidence_Approach).

<sup>6</sup> Deerga Raj Adhikari, Lynn Gray, Jackie Burns, "Effect of Unemployment Insurance Tax on Wages and Employment: A Partial Equilibrium Analysis," *Applied Economics Letters*, Volume 16, Issue 3 (2009), [https://www.ok.gov/oesc\\_web/documents/AmiEffectOfUnemplIns.pdf](https://www.ok.gov/oesc_web/documents/AmiEffectOfUnemplIns.pdf).

<sup>7</sup> Stephen J. Entin, "Tax Incidence, Tax Burden and Tax Shifting: Who Really pays the Tax?" The Heritage Foundation, November 5, 2004, <http://www.heritage.org/research/reports/2004/11/tax-incidence-tax-burden-and-tax-shifting-who-really-pays-the-tax>.

<sup>8</sup> Zach Schiller, "How Ohio Has Underfunded Unemployment Compensation," *Policy Matters Ohio*, November 24, 2014, <http://www.policymattersohio.org/2014ue>.

should be a temporary unemployment insurance policy. That is not a trade-off that builds a sound economy.

Instead of simply raising taxes on employers that will inevitably punish employees, UC reforms should focus on accomplishing three essential tasks:

- 1) **Keep Control in Ohio, Not Washington.** Ohio has wisely retired its debt to the Federal government in order to reduce the Federal unemployment tax (FUTA). Regaining full state control over Ohio's UC system will help ensure that all Ohio employers are treated fairly and according to their actual experience rating.
- 2) **Help Workers Get to Work.** Unemployment compensation reforms should be designed to help prospective workers return to gainful employment as quickly as possible. Research shows that the longer unemployment compensation is offered, the longer workers tend to remain unemployed.<sup>9</sup> Even President Obama's former Chairman of the Council of Economic Advisors, Alan Krueger, has acknowledged this tendency: *"The empirical work on unemployment insurance (UI) and workers' compensation (WC) insurance finds that the programs tend to increase the length of time employees spend out of work."*<sup>10</sup> In some cases, out-of-work individuals will go right up to the designated benefit week limit while seeking jobs they would prefer over

<sup>9</sup> George C. Leef, "Unemployment Compensation: The Case for a Free Market Solution," *Regulation*, Winter 1998, accessed January 28, 2016, <http://object.cato.org/sites/cato.org/files/serials/files/regulation/1998/1/21-1f1.pdf>; Chris Edwards, "Emergency UI Benefits: Reasons Against," *The Cato Institute*, January 3, 2014, <http://www.cato.org/blog/emergency-ui-benefits-reasons-against>; Manuel Arellano, Samuel Bentolila, Olympia Bover, "Unemployment Duration, Benefit Duration, and the Business Cycle," *The Economic Journal*, Volume 112 (April 2002), 223-265, accessed October 27, 2016, [https://www.researchgate.net/publication/4750977\\_Unemployment\\_Duration\\_Benefit\\_Duration\\_and\\_the\\_Business\\_Cycle](https://www.researchgate.net/publication/4750977_Unemployment_Duration_Benefit_Duration_and_the_Business_Cycle); Lawrence F. Katz and Bruce D. Meyer, "The Impact of the Potential Duration of Unemployment Benefits on the Duration of Unemployment," *National Bureau of Economic Research*, October 1988, <http://www.nber.org/papers/w2741>.

<sup>10</sup> Alan B. Krueger and Bruce D. Meyer, "Labor Supply Effects of Social Insurance," *National Bureau of Economic Research*, June 2002, <http://www.nber.org/papers/w9014.pdf>; Alan B. Krueger and Andreas Mueller, "Job Search and Unemployment Insurance: New Evidence from Time Use Data," *Institute for the Study of Labor*, August 2008, <http://ftp.iza.org/SSRN/pdf/dp3667.pdf>.



jobs that are available.<sup>11</sup> This is understandable, of course, but it costs the system and corporate taxpayers money, and negatively affects wages and job creation. To help counter the natural tendency to milk the system, policy-makers should consider implementing a sliding scale of benefit weeks in order to help move the unemployed back into the labor force.

- 3) **Limit Cross-subsidization.** Ohio's UC system should adopt reforms that will better calibrate the experience rating under state unemployment tax (SUTA) in order to reduce the current cross-subsidization of high-turnover employers. In its current configuration, some level of cross-subsidization is unavoidable, but a better calibration of the experience rating along with fewer caps for employers with high turnover will help minimize costs for most employers.<sup>12</sup> It may be tempting to think of such reforms as tax increases, but that would be a misleading over-simplification. Instead, think of limiting cross-subsidization as a type of user-fee—the more one uses a service, in this case accessing UC benefits, the more one typically pays.

It is critical to get reform measures for a system of this magnitude right. Indiscriminately hiking SUTA taxes or expanding the tax base will only dampen prospective job-growth. Slower job-growth harms all Ohioans—as it has now for decades—but it harms some communities more than others. In particular, fewer job prospects and slower growth tend to disproportionately harm Ohio's African-American communities.

Nationally, the unemployment rate among African-Americans remains much higher than among other demographics. According to the Bureau of Labor Statistics, the unemployment rate last month was 8.3 percent for African-Americans compared to 4.4 percent for whites.<sup>13</sup> Similarly,

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<sup>11</sup> James Sherk, "Improving Labor Market Calls for Reducing Unemployment Duration," The Heritage Foundation, February 16, 2012, <http://www.heritage.org/research/reports/2012/02/mi-benefits-reduce-unemployment-insurance-duration>.

<sup>12</sup> Joseph Henchman, "Unemployment Insurance Taxes: Options for Program Design and Insolvent Trust Funds," The Tax Foundation, October 17, 2011, <http://taxfoundation.org/article/unemployment-insurance-taxes-options-program-design-and-insolvent-trust-funds>.

<sup>13</sup> Bureau of Labor Statistics, "Table A-2. Employment Status of Civilian Population by Race, Sex, and Age," U.S. Department of Labor, accessed October 24, 2016, <http://www.bls.gov/news.release/empsit.02.htm>

unemployment confronts a staggering 27.2 percent of young African-Americans between 16 and 19, and 14.2 percent of young whites.<sup>14</sup>

As the debate over specific UC reforms continues, it is important to consider whether a more free-market approach might better address the needs of a fluid, 21<sup>st</sup> century labor market. Perhaps the stale, bureaucratic redistributive system has had its day and it is time for a change. Perhaps, for example, individuals should be able to set aside money in case of unemployment. Perhaps those same individuals should be permitted to draw down money from their own accounts while they seek jobs that suit their skillsets. And, perhaps, they should be able to convert unused benefits into savings so that they are better prepared for retirement in this increasingly turbulent job market.

Other countries, in fact, have tried and tested these free market ideas with great success. Chile, for instance, has a far more free market UC system<sup>15</sup> that permits personal unemployment accounts—jointly funded by employers and employees—and gives employees the ability to use any unused balances during their retirement.<sup>16</sup> Such a system gives employees “skin in the game,” which gives them a powerful incentive to find jobs faster and re-enter the workforce sooner when money that they might otherwise spend in retirement is drawn down during temporary unemployment.<sup>17</sup>

Giving employees “skin in the game” by allowing them to contribute directly to the UC system, however, will only work in a substantially reformed UC system. Such incentives created in an unreformed, non-personalized UC system—such as Ohio’s—will inevitably lead to severe political pressure to raise benefits and drain funding. And that pressure ultimately leads to tax increases and fewer jobs.

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<sup>14</sup> *Ibid.*

<sup>15</sup> William B. Conerly, PhD. “Chile Leads the Way with Individual Unemployment Accounts,” National Center for Policy Analysis, November 12, 2002, <http://www.ncpa.org/pdfs/ba424.pdf>.

<sup>16</sup> *Ibid.*

<sup>17</sup> Gozalo Reyes, Jan van Ours, Milan Vodopivec, “Incentive Effects of Unemployment Insurance Savings Accounts: Evidence from Chile,” VoxEU, February 9, 2010, <http://www.voxeu.org/article/effects-unemployment-insurance-savings-accounts-new-insights-chile>

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The primary reforms found in legislation this committee has been examining take reasonable, responsible first steps toward a better economic landscape. They are certainly more growth-oriented than alternative proposals that would simply hike corporate taxes without any significant benefit modifications. But the kind of small-scale reforms contemplated there will not solve Ohio's persistent inability to generate job- and wage-growth across the state. To address that challenge, Ohio needs a long-term rethinking of the UC system in order to free her businesses from the current, failed system and give Ohio workers more incentive to pursue job prospects while saving for the future.

Thank you for your time and I welcome any questions that the Committee may have.

## **Unemployment Compensation Reform Joint Committee**

**November 3, 2016**

**IBEW 683**

Chairman Schuring, Chairman Peterson and Joint Committee Members,

My name is Dennis Nicodemus. I am the President of the International Brotherhood of Electrical Workers Local Union 683 here in Columbus and represent approximately 1,800 working men and women. Most of our members work in the construction industry.

I am testifying today on Unemployment Compensation not only for my Union Members, but for all workers. I am urging you to reconsider the harmful proposal put forth by Representative Barbara Sears as written. House Bill 394 will harm the same workers who build our buildings, highways and infrastructure.

Working men and women do not have any control over the economy, the process for their employer's ability to successfully acquire jobs, or their employer's decision on who gets laid off and who doesn't. Construction work can be cancelled and/or be put on hold at any time and for any reason. The weather can be a huge factor in layoff decisions, and we live in Ohio, where we can see spring, summer, fall and winter in a single day! Once again this is completely out of the workers hands- and to put the entire burden on us is wrong.

Workers must rely on Unemployment Compensation benefits to get through these tough times. Requiring a worker to work three quarters of the year, instead of 20 weeks, to qualify for the proposed 12 weeks, of Unemployment Benefits, instead of the current necessary 26 weeks, will be devastating in the leaner times. Also, a worker not being able to claim their dependents will definitely affect their ability to keep their family fed, clothed and in their homes until that next job opportunity comes along. I have seen good workers who do all of the right things, lose everything they worked so hard for because of periods of unemployment like the 2008/2009 recession. This includes their marriage, homes, cars, and I saw whole families lives destroyed. The proposal that Representative Sears put forward would just exacerbate these things. I know this General Assembly does not want to see this happen as it is wrong for the State of Ohio.

Please, going forward, remember that workers just want to get back to work with a good job and a steady paycheck. In my time in the workforce and as a union representative, I have not had anyone tell me they would rather be on unemployment Compensation rather than working for their paycheck. I represent one of the proudest workforces in the entire nation, and again-

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WE JUST WANT TO WORK. Unfortunately, in my industry, that sometimes isn't possible all year round.

I thank you for your time and consideration, and I look forward to any questions you may have.

Dennis Nicodemus  
President,  
International Brotherhood of Electrical Workers  
Local Union #683  
(614)294-4786  
dnicodemus@ibew683.org

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Unemployment Compensation Reform Joint Committee

Eric Parsley

International Association of Heat and Frost Insulators and Allied workers

November 3rd

Good afternoon Chairman Schuring, Chairman Peterson and all members of the Unemployment Compensation Reform Joint Committee. I would like to thank you for this opportunity to testify today. My name is Eric Parsley and I am a member of the International Association of Heat and Frost Insulators and Allied workers. My Local union currently has jurisdiction over 33 counties in Ohio and represents close to 200 working families. I am presently serving my second term as the President of Local 50 Columbus/Dayton, Ohio. I am here today to give testimony that reflects what it is like to live with unemployment insurance.

I am a 1987 graduate of Nelsonville-York High School and a 1992 graduate of The Ohio State University, with a double major in Psychology and Economics. I worked in the retail clothing world for three years before I spent the next six years working in my field of study at the United Methodist Children's Home in Worthington, Ohio. During my last year at the children's home I decided to follow the encouragement of a friend and I began insulating in November of 1999.

I worked as a commercial worker for 10 months and became an apprentice the following Fall. I bought my first home in February of 2003 and received my Journeyman card in September of that same year. I felt like I had finally found my niche. Shortly thereafter I also received my first layoff on Wednesday, December 31, 2003- A humbling event to say the least. This was a defining moment for me as a union insulator because the next call I made was to my union hall in search of another job with a new contractor. At that time the union had five signatory contractors to provide work for our members. I contacted all of them and none were hiring.

I filed for unemployment for the first time on January 5, 2004. Within a few days I received the "Worker's Guide to Unemployment Compensation". I do not think I have ever read a source of information with more intensity than I did that day. So many new terms to understand, Base period, dependency class, average weekly wage, waiting week, and perhaps the most important at the time was the section titled "Receiving the first payment". I served my waiting week and went back to work the following Thursday. A week later I received notification from ODJFS that I had 51 qualifying weeks worked during my base period and would be eligible for 26 weeks of benefits at \$323 dollars per week. All I wanted to do was go back to work and provide for my family. I was laid off again in September. The second layoff made me begin to question myself. Are my skills good enough? Where do I need to improve? What can I do to become a better craftsman? I found part of the answer in my termination letter from my previous employer. "Dear Mr. Parsley, due to an insufficient amount of work available at this time, we regret to inform you that we are terminating your employment for an unspecified amount of time. We thank you for your efforts during your employment with us, and are sorry for any inconvenience

this may cause you." I felt there is always room for improvement with any learned skill, but the main issue of layoffs in my industry is lack of work.

I would come to learn over time that this is the nature of the skilled tradesmen. We do not work our entire life in one plant or location/job site. We are essentially working ourselves out of a job every day we report to work because every project must be completed. By the end of 2004 I had worked for two different contractors and received eight weeks of unemployment benefits. These benefits were largely used to provide food for my family, pay utility bills and make house payments.

As I learned of the solvency issues with our Unemployment Compensation Trust fund, I wanted to see if I was a part of the problem. I started gathering data from my personal Unemployment compensation claims for as long as I have received benefits. I have 12 years of data that starts in 2004 and ends with 2015. During this time frame I have worked all over Ohio, Pennsylvania and West Virginia. Nuclear power plants like Davis-Besse in Oak Harbor, OH. Perry near Cleveland, Ohio, Beaver Valley in Shippingport, PA and Enrico Fermi near Monroe, MI. The Marcellus and Utica shale gas and oil well sites in Ohio and PA. From the old Mead paper plant in Chillicothe to the new football Hall of Fame project in Canton, Ohio. I will go where the work is in order to support my family and try to give them a great life.

YEAR	WEEKS/YEAR	YEAR	WEEKS/YEAR	YEAR	WEEKS/YEAR
2004	8	2008	14	2012	0
2005	8	2009	26	2013	23
2006	21	2010	23	2014	17
2007	24	2011	3	2015	11

The table shows the year followed by the number of weeks of unemployment benefits received during that year. The average weeks received over this twelve year period is 14.8 weeks. The purposed cuts in total weeks of benefits allowed would have created hardships in 5 of the 12 the years shown. The table also shows that number of weeks received do not always reach full exhaustion of benefits. It also shows that when work is available for the entire year, no unemployment benefits will be applied for. In closing, I would like thank the committee for allowing me this opportunity to testify in these hearings. I urge you all to consider situations like mine when coming up with a final solution. Workers like me have not caused the problem, and to shoulder a majority of the fix through severe benefit reductions, or a cut in weeks is just wrong. I will answer any questions you may have at this time.



*BEFORE THE UNEMPLOYMENT COMPENSATION  
REFORM JOINT COMMITTEE  
Thursday, November 3<sup>rd</sup>, 2016*

Chairmen Schuring and Peterson, and members of the Unemployment Compensation Reform Joint Committee, thank you for the opportunity to provide testimony today. My name is Don Boyd and I am the Director of Labor and Legal Affairs for the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate, and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans. The Ohio Chamber of Commerce is a champion for Ohio business so our state enjoys economic growth and prosperity.

**Overview**

The unemployment insurance trust fund in Ohio is broken and structurally unsound. This fund, financed solely by employers, provides benefits to qualifying workers who become unemployed through no fault of their own. Throughout the last recession, Ohio was forced to borrow \$3.4 billion in Title XII loans from the federal government in order to meet its benefit obligations. While this is significant, the system was broken well before this. The size of the recession simply exacerbated the problem. In 2006 and at various points thereafter, different measures were proposed in order to rebalance the fund. However, none were enacted and, at this point, the proposals of the past would not be enough to allow us to achieve solvency. The lack of action coupled with the depth of the recession led to Ohio having significant federal debt well beyond the two-year grace period provided to repay the federal loans.

The federal unemployment taxes (FUTA) are 6% of the first \$7,000 in wages. However, when a state is in good standing, it receives a 5.4% credit so that the effective rate is .6% of the first \$7,000 in wages, or \$42. Due to not paying back the federal loan within the two-year period, Ohio's credit was reduced by .3% per year. In essence, this amounts to a \$21 per employee penalty each year the debt is not paid.

From 2011 to 2015, employers throughout the state paid nearly \$1.5 billion in additional FUTA taxes. To break that down further to what it means for individual businesses, here are examples of what a few of our member businesses paid in additional FUTA liability:

- Tom Ahl Family of Dealerships - \$50,400
- Petland, Inc. - \$68,000



- The Shelly Company - \$212,400
- Owens-Illinois, Inc. - \$378,000
- Procter & Gamble - \$3,791,400

This is money that could have stayed in Ohio and been reinvested into these businesses and their communities.

#### **House Bill 390**

We would like to thank the members of this committee, along with Senate President Keith Faber and Speaker Cliff Rosenberger, for passing House Bill 390 earlier this year which allowed the outstanding federal debt to be eliminated early. This action will save Ohio employers approximately \$351 million and will work out to a savings of around \$72 per employee. Had this not been done, employers would have been facing a FUTA burden of \$168 per employee compared to the base FUTA of \$42.

#### **Long-Term Solvency**

Paying off the outstanding Title XII loans was a very important first step in fixing Ohio's unemployment insurance system but much more still needs to be done. As stated previously, benefit payouts and employer contributions are out of alignment. In order to truly fix the system, both must be examined and addressed to provide for long-term solvency. We encourage the members of this committee to carefully consider all of the information that has been offered before this committee and also throughout the hearings on House Bill 394 as you work to craft legislation to address this problem. While neither business nor labor directly caused the problems with Ohio's unemployment insurance trust fund, a balanced solution that addresses both sides of the equation is necessary.

Increasing the urgency to pass a long term solution is the fact that House Bill 390 also contained a penalty provision that will take effect if Ohio borrows federal funds to pay benefits in the future. Due to this provision, employers could face an increase in the contribution rate of up to .5%, as determined by the Director of the Ohio Department of Job and Family Services. This increase is factored into a formula that could have a much greater impact than just a .5% increase. It could as much as triple rates for some employers. This provision would kick on during the two-year grace period provided by the federal government and was designed to eliminate the principal balance faster. Nevertheless, this potential increase could hit employers at the worst possible time, during a recession or in the early stages recovery. This provision must be removed upon passage of long-term solvency legislation.

#### **Conclusion**

Paying off the federal debt without long-term reforms to Ohio's unemployment system leaves Ohio businesses vulnerable to the same penalties that the legislature just worked so hard to eliminate. Taking action to fix Ohio's unemployment insurance trust fund is critical to ensuring Ohio remains competitive and provides businesses with the stability and predictability necessary to thrive.

We respectfully urge you to enact balanced unemployment insurance legislation to achieve long-term solvency prior to the end of the year. Thank you for the opportunity to provide this testimony and I would be happy to answer any questions you may have at this time.



## Testimony to the Unemployment Compensation Reform Joint Committee

Hannah Halbert and Zach Schiller

Good afternoon, Chairmen Schuring and Peterson and members of the committee. My name is Hannah Halbert and I am a researcher focusing on state policies that impact working families for Policy Matters Ohio, a nonprofit, nonpartisan organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. We have previously testified on system financing and offered our own proposal that would ensure more Ohio workers qualify for unemployment insurance, while also creating a truly solvent system. Thank you for the opportunity to offer this supplemental testimony focusing especially on why a maximum duration of 26 weeks matters to Ohio workers and communities.

As this committee finalizes its recommendations to address solvency we urge the members to protect the number of weeks of benefits available to unemployment insurance claimants. In testimony from the Department of Job and Family Services (ODJFS) we learned that the average duration of unemployment benefits is just 14.6 weeks and a smaller share of Ohio recipients exhausts their benefits than in 45 other states. Using ODJFS data filed with the Department of Labor, I found that the majority (66 percent) of Ohio claimants were earning wages in the quarter following their initial claim. All of this data shows that Ohioans prefer to work and they are not treating unemployment insurance as an entitlement program. But some, like the nearly 70,000 Ohioans who claimed more than 20 weeks in benefits last year, struggle to find employment in an economy that still has fewer jobs than it had sixteen years ago.

### I. Cutting weeks ignores continuing challenges in Ohio's economy.

Ohio's unemployment rate has improved, but cutting weeks ignores continuing challenges. Even though Ohio is back to the number of jobs it had when the national recession officially began in December 2007, Ohio still needs 80,000 jobs to regain its pre-recession employment rate.<sup>1</sup> Job posting data from online job ads available at OhioMeansJobs.com show that there were about 100 Ohioans looking for jobs in July for every 60 job postings.<sup>2</sup> In some regions, this gap is much larger. In Appalachian Ohio, there were only 26 postings for every 100 unemployed Ohioans. There are areas that struggle with few openings or have openings that require certifications and training that not all unemployed workers have. Technology and trade have changed where the jobs are, what the jobs are, and how employers find potential hires. Reemployment takes time.

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<sup>1</sup> Ohio Job Deficit from the Economic Policy Institute based on data from the Bureau of Labor Statistics, comparing jobs to population growth as of September 2016. The 88,000 includes the 78,300 jobs Ohio has gained since the recession, less the 158,300 jobs it needs to keep up with the population growth the state has experienced since the recession began.

<sup>2</sup> OhioMeansJobs.com, Job Posting Trends, July 2016, from the Conference Board Help Wanted OnLine Series, posting data produced using "real-time" information for June 14, 2016-July 13, 2016, available at <http://bit.ly/2eai3P6>, accessed August 29, 2016.

The loss of spending stabilization from unemployment cuts will make it challenging for families in hard-hit communities, and businesses dependent on family spending will find it harder to survive a downturn, whether they are facing a national recession or a local mass layoff. Research shows that each dollar of unemployment benefits paid adds \$1.61 to Gross Domestic Product.<sup>3</sup> Cutting maximum duration will mean these workers and the communities they live in have fewer supports to make this transition.

II. Cuts to Unemployment duration do little for employment, but lead some to stop seeking work.

Well-designed studies show that unemployment benefits support job search and keep jobless workers attached to the labor market.<sup>4</sup> Recent research on the effect of unemployment extensions on aggregate employment compared more than one thousand county pairs along state borders.<sup>5</sup> The counties shared geography, similar economies and economic conditions, but had different maximum lengths of unemployment duration. The researchers found that increasing benefit weeks from 26 to 99 led to a 0.09 percentage point decline in the employment-to-population ratio. Conversely, longer benefits improved employment levels in counties paying longer benefits by 0.41 points, a change likely due to stabilized spending. Overall, they concluded that there were **no significant disemployment effects** from extended unemployment benefits. This new research suggests that concerns “about disincentivizing job-search efforts may be over-blown.”

The findings also support earlier work evaluating the effect of North Carolina’s drastic cuts to their unemployment system, which were justified as necessary for solvency and to encourage claimants to get back to work. After these cuts were implemented, North Carolina’s unemployment rate did fall, but not because more North Carolinians were on the job. One study said, “the significant impact of North Carolina labor-force policy was to increase the number of workers who left the labor force, not to encourage those without jobs to become employed.”<sup>6</sup>

Mass layoffs and recessions can alter the industrial composition of a region. Some jobs vanish and workers then need to reskill to compete for emerging industries. Twenty-six weeks of unemployment, the national standard since 1968, gives job seekers time to come to terms with the job loss, assess opportunities, and engage in education and training.<sup>7</sup> House Bill 394 proposed to use a sliding scale to set maximum duration.<sup>8</sup> If the proposal were in place today, unemployed Ohioans would have just 12 weeks to find work. Such a change would make Ohio’s unemployment system one of the weakest in the nation.<sup>9</sup>

<sup>3</sup> Blinder, Alan S. and Mark Zandi, “The Financial Crisis: Lessons for the Next One,” Center on Budget and Policy Priorities, October 2015, available at <http://bit.ly/1hH8q2>, accessed August 29, 2016.

<sup>4</sup> For a summary of research showing that unemployment benefits support job search and labor market participation by claimants, see National Employment Law Project, Unemployment Insurance Advocate’s Toolkit, Chapter 4C: “UI: Preventing Poverty, Supporting Job Search, and Helping the Economy,” available at <http://bit.ly/2dZ6hfa>.

<sup>5</sup> Christopher Boone, Arindrajit Dube, Lucas Goodman, and Ethan Kaplan, “Unemployment Generosity and Aggregate Employment,” September 2016, available at <http://bit.ly/2frHpOI>.

<sup>6</sup> Patrick Conway, “North Carolina’s Employment Record: What role did Unemployment Insurance Reform play?” University of North Carolina at Chapel Hill, Department of Economics, December 2015.

<sup>7</sup> National Employment Law Project, “Why every state should pay 26 weeks of UI benefits,” October 2015, available at <http://bit.ly/2ead94J>. Until 2011, all states provided at least 26 weeks through their state UI programs.

<sup>8</sup> Construction workers would get a flat 20-week maximum under the current iteration of HB 394.

<sup>9</sup> Only five states (Florida (12-23 weeks, 2012), Georgia (14-20 weeks, 2012), Kansas (16, 20, or 26 weeks, 2014), North Carolina (12-20 weeks, 2013), and very recently Idaho (10-26, 2016)) have a scalable maximum like that

Cuts to a flat number of weeks also have real consequences to workers, businesses, and communities. If legislators had cut Ohio's maximum duration to 20 weeks last year, that would mean about 70,000 Ohioans would have lost up to a month and a half of benefits. That's a month and a half of income to help cover rent, groceries, and necessities like gas and internet service to help with job search. Research shows that duration cuts drive faster-than-average declines in unemployment reciprocity rates.<sup>10</sup> Cutting weeks to 20 drove Michigan's reciprocity rate to a record low 22.3 percent.<sup>11</sup> Researchers estimated that the cuts reduced that state's reciprocity rate by 11.9 percentage points. They estimated this led to a 34.8 percent drop in the number of workers claiming benefits. Ohio already provides benefits to fewer of its unemployed workers than most states do, and has done so for a long time. This committee should reject proposals that further threaten coverage.

We would also like to comment on the suggestion that the General Assembly consider eliminating the state income tax on unemployment benefits. This deserves consideration. However, this is not advisable if it becomes a fig leaf for benefit cuts. Eliminating state income tax on benefits is a bad bargain if it is combined, for example, with a cut in maximum benefit weeks to 20. An unemployed worker getting the average unemployment benefit would lose more than \$2,000 in benefits if they received 20 weeks instead of 26. This same worker would get a fraction of that in tax savings. Lower-income recipients would get little out of an income-tax cut. This illustrates that like everything else under consideration, this proposal needs to be considered as part of a whole plan to understand whether it makes sense.

Cutting benefits is a poor instrument for achieving solvency, and not just because it will harm Ohio workers, their families, and the local businesses dependent on their spending. As HB 394 demonstrated, much of these cuts are passed through to employers in the form of lower tax rates--the very opposite of what is needed to reach solvency. This committee has heard considerable testimony on the harm our high monetary rules already cause low-wage workers. The state should not take steps that will further limit this already-low share who receive benefits. Doing so would push families into deep crisis. Instead, we need a balanced approach that addresses our inadequate funding of unemployment insurance.

Thank you for allowing us to testify. We are happy to answer any questions that you may have.

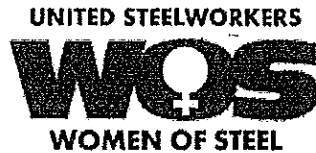
*Policy Matters Ohio is a nonprofit, non-partisan research institute  
with offices in Cleveland and Columbus.*

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proposed in HB 394. Four states have a flat maximum lower than 26 weeks: Arkansas (20 weeks, 2015), Michigan (20 weeks, 2012), Missouri (20 weeks, 2011), and South Carolina (20 weeks, 2011).

<sup>10</sup> Rick McHugh and Will Kimball, "How low can we go? State Unemployment Insurance programs exclude record numbers of jobless workers," Economic Policy Institute, March 2015, available at <http://bit.ly/1BJWt3b>.

<sup>11</sup> H. Luke Shaefer and Michael Evangelist, "Families at Risk, Report II," The Michigan Unemployment Insurance Project, supported by the W.K. Kellogg Foundation, April 2014.



### District 1

David McCall  
District Director  
Teresa Hartley  
WOS Coordinator

Chairman Schuring, Chairman Peterson, and members of the committee:

Thank you for the opportunity to testify today on unemployment compensation.

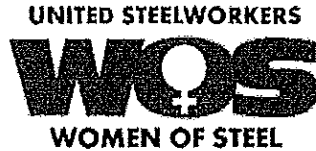
My name is Teresa Hartley. I am the Coordinator for the United Steelworkers District 1 Women of Steel Program. It is an honor and privilege to represent working women in the great state of Ohio. We have Women of Steel who of course make steel, but also fill prescriptions, work in government agencies, paper mills, universities and much more. There are even some, like me, who build tires! Let me share my personal story:

In early December, 2012, 1,050 Cooper Tire Workers in Findlay, Ohio were locked out of our plant! Yes, just weeks away from Christmas, we were told not to report to work! To say the least, I was shocked. My family and I began scrambling to figure out what we were going to do. My husband, who also worked at the facility, is a member of the Army Reserves. Without knowing when we were going to be allowed to return to work, he asked his commanding officer for full time active duty orders in the U.S. Army and was relocated to Indiana to help supplement our income.

I also had to explain to my son, who was attending Ohio University at the time that he might have to withdraw from school. Luckily, we qualified for Unemployment Compensation benefits. Without these benefits and my husband's ability to get full time active duty orders in Indiana, I don't know what we would have done. Other families were not so lucky. During this lockout, I helped organize 3 food banks to help feed not only my coworkers, but their families as well.

Unemployment benefits help working people feed their children, stay in their homes and pay regular bills. As someone who has been on unemployment in the past, I can tell you that Ohio's benefits are not too lavish. In fact, between my unemployment benefits and the pay my husband was bringing in from the army, we had to slash our household budget to the bare minimum. On the weekends when my husband was actually able to come home, we couldn't afford to go out for dinner, see a movie, or any other special "date night" type things.

Cutting benefits for laid off Ohioans by either cutting the number of weeks, getting rid of dependency payments, or making it harder to qualify for benefits - while providing another tax cut for businesses in order to solve the trust funds insolvency is just plain wrong.



### District 1

David McCall  
District Director  
Teresa Hartley  
WOS Coordinator

Earlier this year, I reached out to my sisters that participate in our Women of Steel program to begin educating them about House Bill 394. A few of these brave women began telling me their heart wrenching stories:

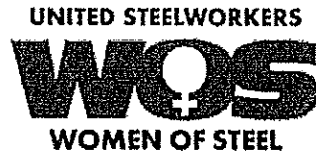
Jessica Roberts whose husband works at USW Local 8565 in Aurora, Ohio shared: "Once we received unemployment benefits, it was a breath of fresh air. I'm thankful because we were able to keep our first home that we worked so hard for. I would have been devastated if we lost it."

Sara Benedict who works at AK Steel in Mansfield shared this: "In 2009 we were laid off for about 5 months due to the economy. At the time I rented. I had to spend my entire income tax return to pay my rent ahead. I also sold my car because the payment was so high I couldn't afford to keep it. My parents sold a car to me that they weren't using, with the knowledge that I would pay them back once I was back to work. Without unemployment benefits I wouldn't have been able to keep food in the fridge or the heat on in my apartment."

Meredith Sealy from local 1104 in Lorain wrote me: "I was laid off last October from USS Lorain tubular and found out just days later I was pregnant. At first unemployment benefits kept up with maintaining our normal bills, but as time went on and the bills got larger, remember I was pregnant the entire time I was laid off, the expenses of purchasing a crib, diapers and such became overwhelming. The loss of that job hit us hard. We still aren't back on our feet yet. We don't live rich, no boats, bikes or vacations. I'm going to try to pick up part time work soon to help pay off the debt that racked up while I was laid off."

From Jennifer Miller-Smelko, USW Local 298, Akron:

"Back in 2009, the factory I worked for experienced what was called a "massive workforce reduction". I was one of nearly a hundred people to be "laid off" in the factory. They called it a lay off, but none of the laid off employees were ever asked to come back, even when they began hiring again later that year. I don't mean to sound dramatic, but the unemployment I was able to receive saved me and my children. I was a single mother at the time, and though the checks weren't close to what I made in the factory, I was able to keep myself and my girls in our home and fed until I was able to find a new job. Even though the company was told not to dispute any unemployment claims, I have to say the waiting period was the hardest. I worried daily whether I would receive the benefits in time to pay my bills. The idea of making people go through multiple waiting weeks sounds agonizing."



### District 1

David McCall  
District Director  
Teresa Hartley  
WOS Coordinator

From Angie Ballou USW Local 3657, Cleveland: "Back in 2008 I was laid off from a law firm I had been working at for years. I was a single mom with 3 kids (ages 16, 11 and 7 at that time). Fortunately, I was eligible for Unemployment Compensation. It was barely enough to keep the rent and utilities paid, and I did fall behind and applied for all of the assistance I could at that time. Without 26 weeks of Unemployment benefits, we would have been homeless."

From Katrina Fitzgerald, USW Local 1123, Timken Company, Canton Ohio: "In the industry that is as volatile as steel, unemployment benefits are vital. When the market goes down (and it always does) layoffs follow. When we are laid off during these times no one wants to hire us because they know that when the market/business picks up, we will go back to our employer that we were laid off from. The last time I was laid off, I put my resume in everywhere and a few employers called me and actually told me that they wouldn't interview me because they knew I would go back to Timken!"

Diana Boes, USW Local 207L, Cooper Tire in Findlay Ohio: "If I wouldn't have received Unemployment Benefits during our lockout, I would have lost my home and my daughter would have had to withdraw from College. As a single parent, the Unemployment Benefits I received helped tremendously when Cooper Tire locked us out."

There are, sadly, several other stories like this that I could share.

Lastly, I would like to remind members of the committee that our folks want to work! They want to make products that keep our country safe, our infrastructure stronger and the environment cleaner. They want to provide for their families and support their communities.

However, whether there is a downturn in the economy, an overcapacity in certain sectors or if a company refuses to bargain in good faith, House Bill 394 places the burden of solvency for the unemployment system squarely on the backs of workers through benefit reductions. Cutting the number of weeks of benefits by any amount would hurt workers, their families and communities. Making it harder to qualify for benefits when Ohio is already one of the hardest to get benefits just doesn't make sense. And to add insult to injury, House Bill 394 actually gave businesses another tax break, when lack of revenue is the real reason the fund is broke! This is not the right way to go when trying to fix the system.

Thank you for your time and attention and I would be happy to try and answer your questions.

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United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International  
Union 777 Dearborn Park Lane - J, Columbus, OH 43085 • 614-888-6052 • 614-888-9870 (Fax) • [www.usw.org](http://www.usw.org)

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**Ohio General Assembly**  
**Unemployment Compensation Reform Joint Committee**

**Ohio AFL-CIO Testimony**  
**November 3, 2016**

Chairmen Schuring and Peterson, and members of the Committee, my name is Tim Burga and I am the President of the Ohio AFL-CIO. I want to thank you for the opportunity to testify this afternoon about Ohio's unemployment compensation system. The Ohio AFL-CIO is the labor federation for union workers in Ohio and has historically spoken on behalf of all workers on the matter of unemployment compensation. Our organization provided very detailed and specific testimony in opposition to HB 394; however, as this joint Committee has not specified that this is a hearing on HB394 my remarks will touch on broader aspects of the system.

The Unemployment Insurance program was created in 1935 in the wake of the Great Depression as a counter cyclical economic stabilizer. Unemployment Compensation provides a temporary cash benefit to assist displaced workers and their families during periods of unemployment. These modest benefits also support the local economy by providing some preservation of purchasing power during the displacement. The first Unemployment Insurance program and subsequent changes to the program were negotiated by business and labor and implemented by the legislature in the best interest of all stakeholders. Such a collaborative process has not occurred during this three



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year endeavor which resulted in the introduction and hearing of arguably the most anti-worker unemployment proposal seen anywhere in the country, with HB394.

For well over a decade solvency concerns of our Unemployment Compensation Trust Fund has been a hot topic of debate. As the economic realities of globalization, automation and lack of corporate investment in its workforce took hold, massive job losses, especially in manufacturing, rippled through all sectors of the economy and the trust fund was not prepared to handle the most recent recession and ensuing unemployment. In 2007, in an attempt to find solvency policy solutions to protect against the next the big recession, the Ohio Department of Jobs and Family Services contracted Dr. Wayne Vroman, a highly regarded economist at the Urban Institute, to look at ways Ohio could benefit from modernization of the program. Dr. Vroman's key finding was that the taxable wage base employers pay into the state system was insufficiently low, that it should be permanently raised and indexed to inflation.

As a result of inaction on this recommendation, Ohio employers, as they have for the last twenty years pay a state tax percentage into the system on the first \$9,000 an employee earns, well below the national average of \$13,407. In fact, according to the Department of Labor the average contribution per covered employee in 2015 for Ohio was \$269, when compared to the U.S. average, which is \$370, Ohio ranked 35<sup>th</sup> among the 50 states. And, the Ohio average

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contribution per covered employee is below each of our neighboring states as indicated below:

IN \$276

KY \$361

MI \$428

PA \$627

WV \$389

With regard to benefits, the percentage of average weekly wage for Ohio's displaced workers whom qualify ranks 19<sup>th</sup> in the country. This earned benefit simply serves as a safety net to help pay utility bills, keep some food on the table and keep the bottom from falling out all together, which then becomes a greater cost for all of society to bear.

And, although Ohio has provided 26 weeks of relief to displaced workers since 1949, as 41 other states continue to offer, just over one in four Ohio recipients exhaust their benefit, ranking 44<sup>th</sup> in the country for the months ended June 30. This backs up the common narrative that was heard during the 2014 House field hearings; that Ohio's workers are not seeking unemployment compensation as a life style but as a life necessity and they are eager to get back to work when work is available and get on with their lives, and pay their way.

To summarize, the facts clearly show that employers have been short changing the system for far too long, that displaced worker benefits compare nationally and workers don't want to be laid off. Put simply, Ohio's

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unemployment solvency issues are not the result of an overindulged or under motivated workforce and workers should not be blamed or punished by limiting eligibility or reducing benefits. As it is, fewer Ohioans are receiving unemployment compensation benefits than at any time in the last 40 years. For decades, a smaller share of Ohio's displaced workers have received unemployment benefits than jobless workers do nationally; in the year that ended in June, only 23 percent of Ohio's unemployed workers received benefits, a share that ranked 35<sup>th</sup> in the nation. One existing hurdle that causes this sub-par ranking is Ohio's monetary eligibility requirement sitting at 27.5% of the statewide average weekly wage, or \$243 this year. Only Washington has a higher earnings requirement for unemployment benefit eligibility. This means a minimum wage worker in Ohio can work 52 weeks a year at 29 hours a week, and not be eligible for unemployment benefits.

In conclusion, I firmly believe this issue is too important for all Ohioans to try and resolve during a "Lame Duck" session, after what has been a contentious and divisive debate. As a result of not bringing labor in at the outset, workers witnessed the introduction of the harshest unemployment proposal imaginable and were asked to negotiate it down. This did not go over well, and as we have all heard, the overwhelming voice from workers and charitable organizations are calling foul on the process and railing against the proposed terms and cuts. Therefore, we find ourselves at a place and time where workers from across the state and all sectors of the economy are not going to accept reductions in eligibility or benefit cuts under this circumstance.

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I would rather like to have the opportunity to tell workers that a new bi-partisan process will unfold next session with business and labor sitting down, and that the Ohio AFL-CIO, like it historically has done, will be at the table to work on solutions to keep our unemployment trust fund sound into the future. I thank you for the opportunity to provide this testimony and look forward to answering any questions you may have.

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Terra Goodnight, Policy Director, Innovation Ohio  
Testimony to the Unemployment Compensation Reform Joint Committee  
November 3, 2016

Good afternoon Chairman Peterson and members of the Committee. My name is Terra Goodnight, and I am the Policy Director at Innovation Ohio, a policy and advocacy non-profit in Columbus. I am here today to speak on behalf of the Ohio Women's Public Policy Network -- a statewide coalition of organizations that advocate for policies that benefit women. Attached to my testimony is a copy of a letter signed by many of those partner organizations.

I am here today because women have been mostly overlooked in the conversation about reforming Ohio's Unemployment Compensation system. The program has real problems that go beyond the size of the trust fund, and those shortcomings disproportionately impact women.

Ohio's unemployment compensation eligibility rules are out of step with our state's changing workforce. Because these rules favor higher-wage and full-time work, women—who are more likely to work for low-pay or part-time—are less likely to receive benefits than their male counterparts. One recent analysis showed that, over the past decade, **women made up over 43 percent of Ohio's unemployed, but just 36 percent of those receiving unemployment compensation.**<sup>1</sup> There are a number of reasons for this gender gap.

First, in order to collect benefits, Ohio requires laid-off workers to have earned a minimum average weekly wage of \$243 that would be hard to achieve in many low-paying jobs. Under current rules, a minimum wage worker whose hours fluctuate between 25 and 30 hours a week is ineligible for benefits after becoming unemployed because they fail to take home the required weekly wage. In fact, in accommodations and food services, an industry where 57 percent of the workers are women, the typical worker in 34 Ohio counties earns too little to be eligible for unemployment.<sup>23</sup> Women are far more likely than men to work for low pay. Women in Ohio take home, on average, \$478 per week -- this drops to \$410 if they are African American -- compared to \$710 for men.<sup>45</sup>

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<sup>1</sup> West, Rachel, Indivar Dutt-Gupta, Kali Grant, Melissa Boteach, Claire McKenne, and Judy Conli. *Where States Are and Where They Should Be on Unemployment Protections*. Center for American Progress, National Employment Law Center and Center on Poverty and Inequality, Georgetown Law, July 7, 2016. <http://www.nelp.org/content/uploads/Issue-Brief-State-Unemployment-Protections.pdf>

<sup>2</sup> U.S. Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table S2403 "Industry By Sex For the Civilian Employed Population 16 Years and Over," November 1, 2016.

<sup>3</sup> Bureau of Labor Statistics. Quarterly Census of Employment and Wages, "Geographic Cross-Sections: All Counties in a State, One Industry: NAICS 72: Accommodation and Food Services." November 1, 2016.

<sup>4</sup> U.S. Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table B20017 "Median Earnings In The Past 12 Months (In 2015 Inflation-Adjusted Dollars) By Sex By Work Experience In The Past 12 Months For The Population 16 Years And Over With Earnings In The Past 12 Months" October 1, 2016.

<sup>5</sup> U.S. Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table B20017B "Median Earnings In The Past 12 Months (In 2015 Inflation-Adjusted Dollars) By Sex By Work Experience In The Past 12 Months For The Population 16 Years And Over With Earnings In The Past 12 Months (Black or African American Alone)" October 31, 2016.

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Even if a part-time worker earns enough to qualify for benefits, if they seek anything less than a full-time job—even one with the exact same schedule as the job they lost—they remain ineligible under another of Ohio's outdated rules. In Ohio, 43 percent of women work part-time, compared to just 29 percent of men. For many women, including myself, a non-traditional work week is the only way to balance work with the scheduling demands of a family, especially for the one in four Ohio families with children headed by a woman on her own.

We should not preserve a system that discourages non-traditional, pro-family work schedules or that protects only those in high-paying jobs from falling into poverty. Ohio should expand its eligibility calculations to ensure even the lowest-paid workers are eligible for benefits when they lose their job. And Ohio should join the 30 states that currently allow unemployed workers to seek part-time positions and still receive unemployment benefits.



October 31, 2016

Dear Unemployment Compensation Reform Joint Committee Member,

As you and your colleagues consider ways to shore up Ohio's unemployment compensation trust fund, we the undersigned organizations urge you to consider the impact on Ohio's most vulnerable workers—a category that includes many of Ohio's working women. The undersigned organizations are members of the Ohio Women's Public Policy Network, a statewide coalition of organizations focused on policies that impact women and families.

Because Ohio's outdated unemployment compensation eligibility rules favor higher-wage and full-time work, women—who are more likely to work for low-pay or part-time—are less likely to receive benefits than their male counterparts. One recent analysis showed that, over the past decade, women made up over 43 percent of Ohio's unemployed, but just 36 percent of those receiving unemployment compensation.<sup>i</sup> This gender gap is seen in a number of states where policies remain based on outdated notions of work and family.

Indeed, Ohio's program requires laid-off workers to have earned a minimum average weekly wage that would be hard to achieve in many low-paying jobs, particularly those with unstable and unpredictable schedules. Under Ohio's program rules, a worker making \$25 per hour for just 10 hours per week would be eligible to receive benefits after becoming unemployed, while a minimum wage employee working 29 hours a week would not.<sup>ii</sup> And even if a part-time worker earned enough to qualify for benefits, if they seek anything less than a full-time job—even one with the exact same schedule as the job they lost—they remain ineligible under another of Ohio's antiquated rules.

These obvious inequities can do real harm to families headed by women, who are statistically far more likely to work in low wage and part-time jobs. 43% of women in the state's workforce are employed part-time, compared to just 29% of men.<sup>iii</sup> Working fewer hours at lower-paying jobs means that women in Ohio take home \$478 per week, compared to \$710 for men.<sup>iv</sup> For African American women, weekly take-home pay for those with earnings works out to just \$410.<sup>v</sup>

For the more than 587,000 Ohio family households headed by women, over 32 percent live in poverty. And nearly 43 percent of the 167,000 Ohio families headed by African American women are living in poverty. Losing a job has serious impacts on women and their families.<sup>vi</sup> A national study found that 77 percent of unemployed women with children reported reducing spending on their kids and 60 percent cut spending on medical and dental care.<sup>vii</sup>

In Ohio, weekly benefits paid by the program are already very low. According to the US Department of Labor data from the 2<sup>nd</sup> quarter of 2016, the average recipient of unemployment

benefits in Ohio gets barely above minimum wage—just \$352 per week.<sup>vii</sup> For a single working mother with one child, current benefit levels are just enough to keep the family from falling into poverty.

Ohio passed up \$176 million in federal funds in 2011 when it failed to enact reforms that would have increased eligibility for unemployment benefits for workers in low-wage and part-time jobs, a move which would have helped women receive their fair share of jobless benefits.<sup>ix</sup> To keep more Ohio women and their families out of poverty, policymakers should ensure that current efforts to reform Ohio's Unemployment Compensation system do not reduce program benefits, duration or eligibility. Additionally, reform effort should look to modernize our system to address the new realities of today's workforce, including more part-time and low-wage workers, and a greater share of women—many of whom are the sole breadwinners for their families.

Sincerely,

**Women's Public Policy Network Member Organizations**

Cleveland Jobs with Justice

Innovation Ohio Education Fund

Majority Ohio

National Council of 100 Black Women Central Ohio Chapter

Ohio Alliance to End Sexual Violence

Ohio Domestic Violence Network

Ohio NOW

Planned Parenthood Advocates of Ohio

ProgressOhio

<sup>i</sup> West, Rachel, Indivar Dutta-Gupta, Kali Grant, Melissa Boteach, Claire McKenna, and Judy Conl. *Where States Are and Where They Should Be on Unemployment Protections*. Center for American Progress, National Employment Law Center and Center on Poverty and Inequality, Georgetown Law. July 7, 2016. <http://www.nelp.org/content/uploads/Issue-Brief-State-Unemployment-Protections.pdf>

<sup>ii</sup> Schiller, Zach. "Better Plan Needed for Unemployment Compensation System." Testimony to the Unemployment Compensation Reform Joint Committee. September 15, 2016. <http://www.policymattersohio.org/uc-testimony-sept2016>

<sup>iii</sup> U.S. Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table C23022 "Sex by Full-Time Work." October 26, 2016.

<sup>iv</sup> U.S. Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table B20017

"Median Earnings In The Past 12 Months (In 2015 Inflation-Adjusted Dollars) By Sex By Work Experience In The Past 12 Months For The Population 16 Years And Over With Earnings In The Past 12 Months" October 1, 2016.

<sup>v</sup> U.S. Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table B20017B

"Median Earnings In The Past 12 Months (In 2015 Inflation-Adjusted Dollars) By Sex By Work Experience In The Past 12 Months For The Population 16 Years And Over With Earnings In The Past 12 Months (Black or African American Alone)" October 31, 2016

<sup>vi</sup> U.S. Census Bureau. American Community Survey, 2015 American Community Survey 1-Year Estimates, Table S1702 "Poverty Status in the Past 12 Months of Families." October 1, 2016.

<sup>vii</sup> Peter Hart Research "Unemployed in America: A Look at Unemployed Women and Families." Survey of 413 unemployed adults conducted April 17-28, 2003. Commissioned by National Employment Law Project.

<http://www.nelp.org/content/uploads/2015/03/SurveyWomen.pdf>

<sup>viii</sup> Unemployment Insurance Data Summary - 2<sup>nd</sup> Quarter, 2016. U.S. Department of Labor, Employment and Training Administration. [http://workforcesecurity.doleta.gov/unemploy/content/data\\_stats/datasum16/DataSum\\_2016\\_2.pdf](http://workforcesecurity.doleta.gov/unemploy/content/data_stats/datasum16/DataSum_2016_2.pdf)

<sup>ix</sup> Koff, Stephen. "Ohio Says 'no' to \$176 Million in Federal Aid for Jobless Benefits." *Cleveland.com*, August 22, 2011. [http://www.cleveland.com/open/index.ssf/2011/08/ohio\\_says\\_no\\_to\\_176\\_million\\_in.html](http://www.cleveland.com/open/index.ssf/2011/08/ohio_says_no_to_176_million_in.html)



Written



## LABORERS' DISTRICT COUNCIL OF OHIO

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Affiliated with:  
Laborers' International Union of North America-AFL-CIO  
Ohio State Building & Construction Trades Council  
Ohio AFL-CIO



Ralph E. Cole  
Business Manager/  
Secretary Treasurer

October 19, 2016

Sen. Bob Peterson  
Chairman, Unemployment Compensation Reform Joint Committee  
One Capitol Square  
Columbus, Ohio 43215

Unemployment Compensation Reform Joint Committee

Dear Chairman Peterson:

My name is Ralph E. Cole and I am the Business Manager/Secretary Treasurer of the Laborers' District Council of Ohio. The Laborers' District Council of Ohio represents 25,000 highly skilled tradesmen and women throughout the state of Ohio.

I am writing to express my concern regarding certain provisions that have been discussed that would adversely impact the construction industry in Ohio. While I understand that certain reforms may be necessary to ensure the long term solvency of Ohio's Unemployment Compensation Fund, the current discussion revolving around benefit eligibility, the reduction of the maximum number of benefit weeks, and increasing the number of weeks before benefits are provided are extremely problematic for the construction industry.

Provisions that have been discussed would require an individual to have earned wages in at least three of the four calendar quarters in order to be eligible for unemployment benefits. The three of four quarter requirement would be especially burdensome for the construction industry. Due to the cyclical nature of the construction industry, many of our members are laid off during the winter months and often fail to earn wages during one of the yearly calendar quarters.

During a recession or a time of economic downturn, the construction industry continuously sees a disparate impact, in terms of the level and duration of unemployment. According to the U.S. Bureau of Labor Statistics (BLS) the construction industry lost more jobs in four out of the last six recessions than any other industry sector. Most recently, the construction industry lost twenty percent of its jobs between 2007 and 2012 according to the BLS. Additionally, BLS data shows that unemployment numbers in the construction industry continued to rise months after the two most recent recessions ended.



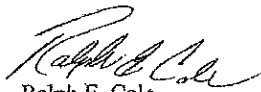
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Based on the data, it's clear that the construction industry is affected more severely and longer than almost all other industry sectors. Because of these facts, a change in the number of weeks which a claimant may receive unemployment benefits from 26 weeks to 12-20 weeks would have detrimental effects on hard working members of the skilled construction trades.

Currently, a jobless individual waits a single week per year before they are eligible for unemployment benefits. Under the bill, there would be an extra waiting week each time an individual has a week with earnings above the weekly benefit amount.

It is clear that Ohio's Unemployment Compensation Fund is in need of reform to ensure benefits are available for future generations of workers experiencing job loss. However, some of the provisions that have been discussed seem to be counterproductive and overly burdensome to the construction industry. I urge you to consider changes that are fair to both employer and employee.

Sincerely,



Ralph E. Cole  
International Vice President  
Business Manager/Secretary Treasurer



## Ohio Association of Community Action Agencies

50 West Broad Street, Suite 1616, Columbus, Ohio 43215  
Phone: (614) 224-8500 • Fax: (614) 224-2587 • www.oacaa.org

Written

Tom Reed  
*President*

David E. Brightbill  
*1<sup>st</sup> Vice President*

Gwen L. Robison  
*2<sup>nd</sup> Vice President*

Ruthann House  
*Treasurer*

Janice W. Warner  
*Secretary*

Philip E. Cole  
*Executive Director*

### Testimony before the Unemployment Compensation Reform Joint Committee

Philip Cole, Executive Director  
Ohio Association of Community Action Agencies  
November 3, 2016

Good morning Chairman Peterson, Vice Chair Schuring and distinguished members of the Joint Committee. My name is Phil Cole, Executive Director of the Ohio Association of Community Action Agencies and I am here today to offer testimony on H.B. 394. I appreciate the opportunity to present my testimony.

The Ohio Association of Community Action Agencies represents the interests of Ohio's forty-eight community action agencies. We serve the needs of low-income people in all of Ohio's eighty-eight counties. We are locally-controlled, private corporations that administer over \$600,000,000 of resources in Ohio, aimed at alleviating the problems of poverty in Ohio's communities. We employ over 6,500 people. And we provide service to over 800,000 individual Ohioans.

We understand your challenge trying to fix a system in the middle of an unprecedented transition in the national economy. But, I want to begin at the beginning. Unemployment compensation was created for two purposes. The first is to be a support for workers who lose their jobs and are left without employment. The second is to be a stimulus to the economy since it was assumed when unemployment insurance was created that the jobs would usually be lost because the economy was performing poorly and unemployment compensation would also serve as a stimulus. I hope the Joint Committee will keep these reasons in mind as you complete your work.

What we know is that in a transitional economy such as Ohio and the U.S. are now facing, the General Assembly is in a difficult position as it tries to solve the problems facing the system, and to also take care of the needs of workers and employers. We have met with representatives of the Chamber of Commerce and we have met with former Rep. Sears in an attempt to understand the legislation and I believe we understand your challenge.

You know the issues and I believe you also know that Community Action Agencies are concerned with the ability of people in poverty to pull themselves out of poverty as well as our concern for those who live on the edge of poverty to not fall into it. A strong unemployment compensation system is needed. I will not rehash the problems we see in the current legislation with the drop in covered weeks of unemployment, or the unfairness of the employee handbook issues and others; many people more eloquent than I have spoken to them. What I want to do is look at the information coming from

*OACAA exists to support its members and to strengthen a unified Community Action presence in Ohio*



the Governor's Executive Workforce Board and apply that to the solutions that have been suggested.

The Governor's Office of Workforce Transformation and the Governor's Executive Workforce Board have discussed studies about the future of jobs and employment in Ohio. My Board (the OACAA Board) has discussed these studies and many of you have read the reports of them in Gongwer and other places. The knowledge that around 47% of occupations could be phased out in the coming years because of our advances in technology is not news any longer, nor is the possibility that about 65% of elementary school students will be employed in jobs that have yet to be created. The only thing we know for certain about jobs is that the future will be far different than the present.

Because we are concerned about all workers, but most of all those at the lowest wages, we believe that the information we now have means that fixing our current problems without new revenue sources may not be enough. We ask, for the protection of both workers and employers, that you consider two of the new revenue streams that have been proposed in earlier hearings.

Policy Matters Ohio suggested that a small employee tax be considered. If no other solution could be reached, we could be in agreement if the tax exempted minimum wage workers. That would mean the tax would not apply to the first \$16,848, which is the Ohio minimum hourly wage for a forty hour week for fifty-two weeks. This is a small tax that could do much to bring solvency to the system while not being unfair to our lowest paid workers.

Second, the Ohio Manufacturers Association suggested the issuance of bonds to finance any future debt. While this is not a perfect solution, it is better than borrowing from the federal government. We ask that you strongly consider seeking a change in the Ohio Constitution to issue these if the problem would occur in the future.

The OMA also discussed the possibility of exempting unemployment compensation from the state income tax. They may not have been advocating for it, but we will. We believe this makes sense and is the correct economic thing to do. If unemployment is to help stimulate the economy, Ohio should get as much of the money into circulation as possible. And, these low wage workers need it to survive.

Again, we recognize the difficulty of your task and we thank you for taking it on. I have great faith that the solution you develop will be fair to Ohio's workers and their employers.

Philip E. Cole  
Executive Director  
Ohio Association of Community Action Agencies  
50 West Broad Street, Suite 1616  
Columbus, OH 43215  
614-224-8500

Written

Unemployment Compensation Reform Testimony  
Peter Tamborski  
General Counsel, Sugar Creek Packing Company  
November 3, 2016

Chairman Bob Peterson, Chairman Kirk Schuring and members of the Unemployment Compensation Reform Joint Committee, my name is Pete Tamborski and I am the General Counsel for Ohio-based Sugar Creek Packing Co. Founded in Washington Court House, OH in 1966, SugarCreek has enjoyed a mutually beneficial relationship with Ohio for the past fifty years and is committed to maintaining that relationship moving forward. As a privately held business, we feel a very personal sense of responsibility to the companies we serve, as well as to the associates who are members of our team. The company has grown into a diversified, innovative and flexible food manufacturer driven by creating a safe environment both for our products and our employees. We co-develop Brandworthy Food Solutions and process products for many of North America's largest, best-known and most reliable food brands. Similarly, we are committed to maintaining active and significant relationships with the communities our facilities call home.

Currently SugarCreek does business in three states with six major facilities and we are deeply concerned with some recent trends in the adjudication of Unemployment Hearings in Ohio and respectfully request that you consider our concerns when the state legislature reconvenes later this year. As an Ohio corporation with over 2000 employees and approximately 1500 in Ohio, SugarCreek understands and appreciates the vital role the Ohio Unemployment Commission plays in supporting the transition between employment for Ohio's workforce. However, we do feel our concerns are legitimate and warrant serious consideration. These concerns stem from certain procedures and decisions reached in various Unemployment Hearings and are as follows:

- (I) *Hearing officers' failure to recognize violation of a business's no-fault attendance policy as "just cause" for termination;*
- (II) *Allowance of information or allegations at hearing provided by complainant but not specified in the actual complaint; and*
- (III) *Employee no-shows carry no repercussions while employer no-shows lead to awarding of benefits for employee.*

**A. No-fault Attendance Policy**

SugarCreek utilizes a no-fault point system in which new employees are initially allocated a set amount of points, and points are then taken away or earned back depending on the employee's actions. For example, a no-call, no-show results in a deduction of points, while working holidays adds back points. Ohio courts recognize these types of systems as legitimate and have held in isolated cases that terminations due to violations of these types of systems constitute "just cause" and thus disqualify employees from receiving unemployment benefits.

For a termination to meet the standard of "just cause," an employer must show the employee demonstrated an unreasonable disregard for the employer's best interest. As stated previously, previous Ohio cases have held violations of a no-fault attendance policy to constitute "just cause," even if some of the absences were due to reasons beyond the employee's control. However, when a

company terminates an employee due to violation of its no-fault attendance policy, hearing officers are not recognizing these terminations as "just cause" and are granting terminated employees unemployment benefits regardless of the violation.

For example, suppose an employee accumulated several points due to excessive absences or no-shows to the extent he or she was on the brink of being terminated. Then, the employee receives an additional point for an absence relating to a flat tire or something out of his or her control. The additional point causes the employee to be in violation of the no-fault attendance policy, and thus the employee is terminated. Although the violation of the no-fault attendance policy is what led to the employee's termination, the hearing officer only considers the final incident when determining whether the termination met the standard of "just cause." Deciding that the flat tire was out of the employee's control, the hearing officer finds in favor of the employee, completely ignoring the employee's unreasonable disregard for the no-fault attendance policy.

When a company gives its employees the opportunity for employment and flexibility, it should not have to bear costs imposed by employees with poor attendance records. Poor attendance already places additional costs on SugarCreek and certainly other manufacturing companies as well. SugarCreek employees are given ample opportunity to abide by and stay within the parameters of the no-fault point system. Barring any extenuating circumstances, if an employee violates the system, then his or her poor attendance record should constitute clear evidence of an unreasonable disregard for the employer's best interests.

Additionally, discrepancies in what a claimant initially alleges in his or her claim for unemployment compensation versus what that claimant actually alleges at the hearing create issues regarding the employer's ability to investigate the claimant's allegations and to properly defend against such allegations if they are without merit.

#### **B. Employees' Presentation of New Allegations at the Hearing**

The second issue creating difficulties for businesses like Sugar Creek Packing is the presentation of new allegations at the hearing by the terminated employee. In several of our cases, employees have stated one thing on their claim for unemployment benefits or hearing paperwork and then presented a litany of other complaints or allegations at the hearing that have never been brought to the company's attention. Obviously, these hearings are not subject to the same evidentiary rules as courtrooms, but these hearings are supposed to comport with the notions of due process and fair play. If the business is going to be required to respond and defend against these types of claims, then it should at least be given the opportunity to conduct a fair and thorough investigation regarding the terminated employee's allegations.

For example, in previous hearings, employees fired for excessive absences suddenly come up with reasons for the absences never before mentioned to SugarCreek. For example, an employee may suddenly state at the hearing, "Well, I was sick, that's why I was absent." Yet, no mention or documentation of any illness or sickness had ever been brought to SugarCreek's attention previously. SugarCreek cares about its employees, especially about their well-being, but if we aren't made aware of

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a circumstance or a condition, then we have no way of working with the employee or providing any sort of accommodation. So again, we end up getting penalized for something through no fault of our own.

For these reasons, we feel it would be equitable for all parties involved if employees were required to include all allegations in their claim for unemployment benefits and hearing information requests. It would simplify the hearing process for all parties and it would provide the employer the opportunity to conduct a fair and thorough investigation of the allegations.

**C. Employee No-Shows to Unemployment Hearings**

The last issue involves claimants not showing up for the unemployment hearings. If an employer does not show for an unemployment hearing, the employee is automatically awarded benefits. However, if an employee fails to show for a hearing, nothing happens. The employer is forced to expend more time and employee resources to reschedule the hearing and readjust its schedule after having already done so. Obviously, there are extenuating circumstances, but absence some showing of an extenuating circumstance, the punishments for not attending should be equal for both parties.

**Conclusion**

We are aware that making these kinds of changes to the existing structure of Ohio unemployment hearings is not an easy task. However, we strongly believe incorporating these concerns into future legislation regarding Ohio unemployment procedures will vastly improve the existing system and bring a greater balance and equity to the adjudication of these matters.

Your time and efforts in attending to these matters is greatly appreciated. Thank you for your time and consideration of our concerns. I am available to address any questions you may have.

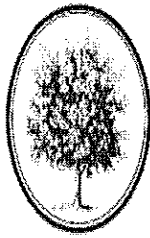
Respectfully submitted by:  
Peter Tamborski  
General Counsel, Sugar Creek Packing Co.

**From:** The Buckeye Institute

**Sent:** Thursday, November 3, 2016 4:40 PM

**To:** Rep48

**Subject:** Invitation to luncheon discussing civil asset forfeiture reforms



## THE BUCKEYE INSTITUTE

One of the primary functions of government is to protect property rights. But what happens when government itself is threatening your property?

Civil asset forfeiture laws, as currently written, actually allow government to take property from individuals who have never been charged with a crime and never will be.

Policymakers are considering reforms that would go a long way to secure property rights of innocent Ohioans, and The Buckeye Institute is leading that charge.

The Buckeye Institute is co-sponsoring a luncheon--details below--and cordially invites you to come and learn more about the problems with current civil asset forfeiture laws and to hear some policy solutions. Buckeye's own lawyer and Criminal Justice Fellow is moderating the panel discussion and lunch is provided.

**YOU'RE INVITED**

\_\_\_\_ TO JOIN \_\_\_\_





THE BUCKEYE INSTITUTE



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FOR A LUNCHEON DISCUSSION ON HOW

**Ohio Can Improve Private Property Rights  
and Constitutional Rights by Reforming  
Civil Asset Forfeiture**

MODERATED BY DANIEL DEW OF THE BUCKEYE INSTITUTE

**DATE:**

**TUESDAY**

**NOVEMBER 15**

**TIME:**

**11:30 A.M. TO**

**12:30 P.M.**

**LOCATION:**

**OHIO STATE HOUSE**

**IN THE STATE ROOM**

LUNCH CATERED BY CITY BARBEQUE

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**QUESTIONS OR TO RSVP**

please email Michael Hough at [mike@ffcoalition.com](mailto:mike@ffcoalition.com)

# # #

Founded in 1989, The Buckeye Institute is an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

The Buckeye Institute, 88 East Broad Street,  
Suite 1120, Columbus, OH 43215

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Sent by [info@buckeyeinstitute.org](mailto:info@buckeyeinstitute.org)

**From:** Robert Brundrett  
**Sent:** Friday, November 4, 2016 12:02 PM  
**To:** Rep48  
**Subject:** RE: Unemployment Compensation Reform Joint Committee Meeting Notice

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Would it be possible to get electronic copies of yesterday's testimonies?

Thank you!

Rob

-----Original Message-----

**From:** Rep48@ohiohouse.gov [<mailto:Rep48@ohiohouse.gov>]  
**Sent:** Thursday, November 03, 2016 10:37 AM  
**To:** Robert Brundrett  
**Subject:** RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Rob,

We have everything we need regarding Doug's testimony for today.

The order is determined by the Chair and Representative Schuring usually picks the order right before committee.

As of right now we have 11 people scheduled to testify and are waiting for two more to come in.

Below is the order of how we have testimony in the folders:

William Hanigan - Retired Director of a workforce development office (11 years) and 30 years in private sector as the VP of operations and HR of a Cleveland based machine tool manufacturer and served on numerous local, regional and national workforce relate boards. Testifying to propose an alternative approach to the state unemployment compensation solvency issue.

Jason Kershner, Vice President of Government Affairs for Cincinnati Chamber.

Doug Holmes: UWC - Strategic Services on Unemployment Compensation and Workers Compensation. Testifying on behalf of the OMA, The Ohio Chamber, The NFIB, The Ohio Council of Retail Merchants, & The Ohio Farm Bureau.

Greg Lawson- Senior Policy Analyst at the Buckeye Institute.

Dennis Nicodemus - President, IBEW Local Union 683

Eric Parsley - Member of the International Association of Heat and Frost Insulators and Allied Workers & President of Local 50 Columbus/Dayton, Ohio.

Don Boyd - Ohio Chamber of Commerce, Director, Labor and Legal Affairs.

Hannah Halbert - Policy Matters Ohio, Researcher

Theresa Hartley - United Steel Workers

Tim Burga - President of the Ohio AFL-CIO

Terra Goodnight - Ohio Woman's Public Policy, Policy Director, Innovation

Written Only:

Ralph Cole - Business Manager/Secretary Treasurer, Laborer's District Council of Ohio

Phil Cole - Exc. Dir. Of the Ohio Association of Community Agencies

Pete Tamborski - General Counsel for Ohio Based Sugar Creek Packing Co.

Best,

Abby

Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

-----Original Message-----

From: Robert Brundrett [<mailto:rbrundrett@Ohiomfg.com>]

Sent: Thursday, November 03, 2016 9:33 AM

To: Rep48 <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)>

Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Abby, Graham, or Justin-

Do you need anything else from me regarding Doug Holmes' testimony for today? Any idea where he might testify in today's lineup?

Thank you!

Rob

---

From: [Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov) [[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)]

Sent: Tuesday, November 01, 2016 10:01 AM  
To: Robert Brundrett  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Rob,

Just confirming that I have received the testimony and witness slip for Doug Holmes.

Best,

Graham R. McCready

Graham R. McCready  
Legislative Page & Volunteer Internship Coordinator Ohio House of Representatives  
77 S. High Street, 12th Floor  
Columbus, Ohio 43215  
(614)-466-0892

From: Robert Brundrett [<mailto:rbrundrett@Ohiomfg.com>]  
Sent: Monday, October 31, 2016 3:48 PM  
To: Rep48 <[Rep48@ohiohouse.gov](mailto:Rep48@ohiohouse.gov)>  
Cc: Zielinski, Justin <[Justin.Zielinski@ohiohouse.gov](mailto:Justin.Zielinski@ohiohouse.gov)>  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Abby,

Attached is the testimony of Doug Holmes who is testifying on behalf of the five business organizations. Attached is also his completed witness slip. Please let me know if you need hard copies for Thursday. Ill be out of the office but call me at 614-348-1233.

Also please let me know you have receive this for Thursday.

Thanks and Happy Halloween!!!

Rob

From: Rep48@ohiohouse.gov<<mailto:Rep48@ohiohouse.gov>> [<mailto:Rep48@ohiohouse.gov>]  
Sent: Thursday, October 27, 2016 5:29 PM  
To: Robert Brundrett  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Rob,

Attached is a witness form.

Best,

Abby

Abby Schafer  
Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

From: Robert Brundrett [<mailto:rbrundrett@Ohiomfg.com>]  
Sent: Thursday, October 27, 2016 5:04 PM  
To: Zielinski, Justin <[Justin.Zielinski@ohiohouse.gov](mailto:Justin.Zielinski@ohiohouse.gov)<<mailto:Justin.Zielinski@ohiohouse.gov>>>  
Subject: RE: Unemployment Compensation Reform Joint Committee Meeting Notice

Justin,

I take it that you are handling committee next week. Do you have a witness slip we can fill out for Doug Holmes?

Rob

From: Rep48@ohiohouse.gov<<mailto:Rep48@ohiohouse.gov>> [<mailto:Rep48@ohiohouse.gov>]  
Sent: Thursday, October 27, 2016 9:58 AM  
To: Justin.Zielinski@ohiohouse.gov<<mailto:Justin.Zielinski@ohiohouse.gov>>  
Cc: Vanessa.Burris@ohiosenate.gov<<mailto:Vanessa.Burris@ohiosenate.gov>>;  
Graham.McCready@ohiohouse.gov<<mailto:Graham.McCready@ohiohouse.gov>>  
Subject: Unemployment Compensation Reform Joint Committee Meeting Notice

All,

Please see the attached notice for the next hearing of the Unemployment Compensation Reform Joint Committee. The next meeting will take place on Thursday, November 3, 2016 at 1:00 P.M. in room 313 of the Ohio Statehouse.

For those interested in presenting testimony, please submit all materials NO LATER THAN 24 HOURS in advance of the hearing.

Best,

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Legislative Fellow  
Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

**From:** Rep48

**Sent:** Friday, November 4, 2016 12:15 PM

**To:** 'Robert Brundrett'

**Subject:** RE: Unemployment Compensation Reform Joint Committee Meeting Notice

**Attachments:** Testimony 11-03-16.pdf; 2016\_1103 Ohio Society of CPAs and Ohio SHRM Testimony on UC Reform in Ohio - FINAL.pdf

Rob,

Attached is the testimony from yesterday's meeting.

I have also attached Tony Fiore's testimony in color.

Best,

Abby

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Office of Representative Kirk Schuring  
Ohio House of Representatives, District 48  
77 South High Street  
Columbus, OH 43215  
614-752-2438

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Sent: Friday, November 04, 2016 12:02 PM

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